THE EMPIRE CLUB

ADDRESSES 1959-1960

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THE EMPIRE CLUB OF CANADA

HAROLD R. LAWSON
PRESIDENT OF THE EMPIRE CLUB OF CANADA
1959-60

THE EMPIRE CLUB OF CANADA

Addresses 1959-1960

CANADA AND A UNITED EMPIRE

GOD SAVE THE QUEEN

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The Empire Club of Canada

Fifty-seventh year of Issue

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EXCERPT FROM "ORIGIN AND OBJECTS OF THE EMPIRE CLUB" PUBLISHED IN THE YEAR BOOK FOR 1903-1904

On November 18th, 1903, a small meeting was held in Webb's Restaurant, Toronto, mainly on the initiative of Lieut.-Col. James Mason, for the purpose of preliminary discussion. The Chairman in a brief speech pointed to the desirability of an organization, following the plan of weekly luncheons, to be addressed by prominent men, or men speaking with authority upon the issues of the day, and having also a distinctive basis of British Unity in its work and policy.

A sub-Committee met on the following day and appointed . . . . . a Committee to draft a Constitution.

The meeting at which these principles and rules were approved and organization effected was held at the Luncheon hour on November 25th, in Webb's Restaurant, with some seventy gentlemen present . . . . after a discussion of various proposed names . . . . The Empire Club of Canada . . . . was approved by a large majority.

THE ROYAL EMPIRE SOCIETY

AND

THE EMPIRE CLUB OF CANADA

The Royal Empire Society of London, England, and The Empire Club of Canada at Toronto were both founded for a single purpose and with a common aim:—The strengthening of the bonds of unity within the Empire. This mutual objective is prosecuted with vigorous enthusiasm by the members of these organizations on both sides of the Atlantic Ocean.

The opinions and views expressed in the Addresses contained in this volume are those of the speakers themselves and do not necessarily carry the full or partial endorsement of The Empire Club of Canada.

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THIS BOOK, DESIGNED BY MR. JOHN W. GRIFFIN,
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THE EMPIRE CLUB OF CANADA

“NATO STRATEGY”

An Address by

GENERAL LAURIS NORSTAD,
Supreme Commander Allied Powers, Europe

Special Joint Meeting

Thursday, May 14, 1959

CHAIRMAN: The Past President, Lt.-Col. Bruce Legge.

LT.-COL. LEGGE: At this exceptional meeting, The Canadian Club of Toronto, the Fort York Branch of the Canadian Legion, the Canadian Institute of International Affairs, the Officers of the Toronto Garrison and the Royal Canadian Military Institute all join with us in the tenth year of the North Atlantic Treaty Organization to honour General Lauris Norstad, the Supreme Commander of the Allied Powers in Europe.

General Norstad was born in Minneapolis of Norwegian lineage and, like his brilliant former Deputy Commander, Lord Montgomery, he was the son of a clergyman. Early in his career Lauris Norstad planned to study law but this was put aside for the attractions of the United States Military Academy at West Point, from which he graduated in 1930 to enter flight training with the Army Air Corps. By the outbreak of the Second World War he was already the Assistant Chief of Staff for Air Intelligence. Early in the campaign he served with the Twelfth Air Force both in England and in North Africa. In December 1943, he assumed his first important international command as Director of Operations of the Mediterranean Allied Air Forces with headquarters at Algiers. When the Twentieth

Air Force was created, he was appointed Chief of Staff to carry the might of American strategic air warfare against Japan. After hostilities ended General Norstad was selected to be the far-seeing Director of Plans and Operations for the War Department. He returned to an operational role when he was made Commander-in-Chief of the United States Air Force in Europe, and in 1953 he was designated Air Deputy to the Supreme Allied Commander in Europe.

The supreme command of all the Allied Powers in Europe was given to General Norstad in 1956 and his forces will have to bear the weight and violence of warfare should that evil ensue. In the meantime he must deploy the armies, air armadas, navies and armaments of the West against adversaries who unswervingly believe with Mao Tse-tung that 'political power grows out of the barrel of a gun'. The menace is therefore clearly recognized and there now lives in the West a philosophy, a will and a resolution not to be bullied and frightened into a resigned weakness by those who use wars and threats of wars as essentials of public policy. The new French Republic illustrates the courage and morality of the West, for President de Gaulle expostulated to Soviet Ambassadors, "Free access to West Berlin is a vital Western interest for which we shall fight if need be. If we have to fight, no doubt we may all die; but so will you!'

Such are the awesome alternatives of peace and war in this tenth year of the North Atlantic Treaty Organization. The strongest of the free and proudly independent nations constituting the grand alliance is the United States of America, which has rejected George Washington's policy of no alliances with any portion of the foreign world. Moreover, this grand alliance is commanded by an American who understands the twentieth century techniques of annihilating warfare as well as he knows the Military statesmanship of leading the allied forces in confidence and determination, in unity and friendship.

Gentlemen, I have the high honour to introduce to the guests and members of The Empire Club of Canada, the Supreme Commander of the Allied Powers in Europe, General Lauris Norstand, who will speak of "NATO Strategy".

GENERAL NORSTAD: I am very pleased, and honored, to be here in Toronto at the invitation of The Empire Club. It is a particular pleasure because I have never before had the opportunity to visit this great city, a city of which I have heard so much, since the time I was a very small boy. Having been born and raised in the State of Minnesota, I might claim that geographical proximity has given me a particularly close relationship with you and your country. My own part of the United States is literally only a stone's throw away from Canada and, if stones are sometimes thrown across this friendly border, and they are, perhaps it is a good thing. It keeps us aware of one another, compels us from time to time to reassess the importance of our relationship, to appreciate how much we mean to one another.

But I am not here as an American today, but rather as an Allied commander who has been given the responsibility for the defence of a large part of the area we call the Atlantic community, and who, in this capacity, commands the forces of many countries, including some very important Canadian contributions. I want to take advantage of this chance to tell you and the people of Canada of my great pride in the Brigade from the Canadian Army and the Air Division from the Canadian Air Force, which are important elements of the forward defence line in NATO Europe. It is this forward line, these forces deployed on our easternmost borders, which contribute an important and an essential part to the defence of our people and territory and to the peace and security which are the aims and purposes of all our countries.

It would be improper for me to single out one force or one country as making a particularly outstanding contribution, but let me tell you what I have said to many others, what I have told many non-Canadians, that is, that among the many fine forces that make up the strength of the Alliance, the men and the units of the Canadian contribution are second to none. I am pleased to have this chance to say this directly to Canada and to Canadians. I am also happy to mention the importance of the military aid or assistance which you have contributed over many years. This help, some of it in material, some of it in training, has made it possible for several of the countries of the Alliance to meet their NATO commitments. In so doing, it has added greatly not only to our strength, but also to the feeling of unity on which we must depend. Further, this assistance, and the goodwill behind it, has carried the Canadian flag forward and placed in a most favorable light. But in advancing your flag, you have also emphasized NATO and the common purposes to which we are all devoted.

I want to speak to you about the North Atlantic Treaty Organization, to tell you briefly where we stand and to suggest to you the basis or the background of what might be called our military thinking. In speaking of NATO today, I do so in the special context created by the fact that we are just now celebrating the Tenth Anniversary of the Alliance. These have been ten eventful years, and years in which NATO has more than fulfilled the highest hopes of its founders. Let us recall for just a moment the world scene in 1947, 1948 and 1949. Let us look particularly at Europe and the area of the Atlantic Community. Among the events which compelled our countries to come together was the loss of Czechoslovakia behind the Iron Curtain, and the Soviet efforts to make a pawn of the courageous people of Berlin by their brutal attempt to deny to these people, by blockade, the bare necessities of life.

In those years as I traveled through Europe I was impressed, as I am sure many of you were, by the general apathy, the lack of interest and activity and, in fact, the despair written on the faces of most of the people. There was little *hope* for tomorrow. If there was *thought* of tomorrow, there was fear of what the day would bring. We are all familiar with the change, the truly miraculous improvement, that has taken place in the past ten years. Today, the shops are filled with goods and people, the factories are working at full speed; construction is taking place everywhere and, most important, hope and confidence are written on the faces of almost every man, woman and child. Some of this change must be credited to the passage of time. Some of it may by accounted for by the fact that in these ten critical years, Europe has been coming out of the disaster and destruction of a great war. But these are passive factors which cannot fully explain the miracle of change. A positive factor has been the North Atlantic Treaty Organization and the strength, perhaps more moral than military, that has sprung from this tangible evidence of the desire and the determination of free people to face the threat against them, to remain free.

I want to speak broadly of our military position, but I would like to do so in true perspective. For this reason, I turn to the statement of the purposes of the Alliance from which is derived directly our military mission. Let me say that the Treaty itself gives us this mission and establishes the limits within which the military forces as well as other NATO activities must operate. *We cannot go beyond the tasks established by the Treaty. What is more important, we cannot do less than what is demanded by that document.* Let me quote from the Preamble to the North Atlantic Treaty, whose Tenth Anniversary we are celebrating:

> "The Parties to this Treaty reaffirm their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all Governments. They are determined to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law. They seek to promote stability and well-being in the North Atlantic area. They are resolved to unite their efforts for collective defence and for the preservation of peace and security. . . ."

With this background, I would like to outline for you the development of the military strength of the Alliance and the broad thinking on which our future requirements are based as we move into NATO's second decade.

There have been three critical points in the development of our military forces. The first resulted from the plans and studies of 1951 and earlier, the period when the Allied military commands were first established. The danger, as you will remember, appeared imminent at that time, so rather large forces had to be considered. Further, the force requirements then considered, which became known as the Lisbon goals, were not based on consideration of the use of the so-called new weapons, a fact that added considerably to the strength required. But large as the forces were, and in the critical area of Central Europe, for instance, they were almost twice what are now considered necessary, the most that we could hope to accomplish was to defend the line of the Rhine—a politically unacceptable objective, even at that time. I might add that even these hopes were on a very thin margin.

By 1954, it had become apparent that the requirement was going to be a continuing one, that we must consider maintaining reasonable strength over a period of many years. This was an important new factor. Another one of perhaps even greater significance was the fact that weapons, new weapons—atomic weapons, were becoming available in numbers and in the types which made them applicable to the defensive tasks of the Alliance. As a consequence of these changes, our force requirements were drastically modified and reduced and decisions were taken which would apply to the defense of our people and territory the weapons and equipment necessary to insure that defense.

We are now in the midst of the third critical period, the period which is perhaps best characterized by the Heads of Government meeting which was held in Paris in December of 1957. An important conclusion was stated in the communique following that meeting, where, in speaking of NATO defense, the Heads of our Governments stated:

> "The Soviet leaders, while preventing a general disarmament agreement, have made it clear that the most modern and destructive weapons, including missiles of all kinds, are being introduced in the Soviet armed forces. In the Soviet view, all European nations except the USSR should, without waiting for general disarmament, renounce nuclear weapons and missiles and rely on arms of the pre-atomic age.
>
> "As long as the Soviet Union persists in this attitude, we have no alternative but to remain vigilant and to look to our defences. We are therefore resolved

> to achieve the most effective pattern of NATO military defensive strength, taking into account the most recent developments in weapons and techniques."

In consonance with this fundamental policy, we have developed, and presented to the nations, what might be called, with our tendency always to over-simplify, *a new-weapons concept.* Let me tell you something of the thinking that supports this concept.

The fundamental theme of the Alliance, defense and the preservation of peace, has established the principle of the deterrent. Because of the effectiveness of our great strategic forces in this respect, we have in the past thought of the deterrent only in terms of the heavy striking or retaliatory power. The broader concept that NATO has developed enlarges the scope of the deterrent and increases the elements which contribute to it. We now define the deterrent as including, of course, retaliatory forces, which continue to be absolutely essential to any valid strategy for the West. The effectiveness of these forces must at all costs be maintained. But we also include as an essential element in the deterrent the Shield Forces—the Army, Navy and Air Forces deployed on our forward line of defense in Europe and European waters. The third part of the deterrent is, of course, the will and the determination of our countries, individually and collectively, to use these forces, retaliatory and Shield, for the purpose for which they are intended should it become necessary to do so.

We believe that the heavy striking forces available to the West make the consequences of aggression so costly that the Soviets would not, *could not*, deliberately provoke a great war. It is this assumption that leads directly to a second important promise: that is, that a great danger of war, perhaps the greatest danger, springs from the possibility of a mistake, an error in judgment, a border incident deliberately provoked, or a probing operation designed for political advantage. It is for this reason that the critical area of the Atlantic Community, perhaps particularly the vital and sensitive forward area in Europe, becomes a particular source of danger. Our military response to this danger thus becomes of the greatest importance.

We believe that there are three basic objectives for any valid strategy for NATO Europe. First, in the event of a clash or an attack we must have the means of forcing a pause; second, during this pause we must compel the aggressor to make a conscious decision as to whether he is going to war or not going to war. We cannot let him back into this decision or make it by mistake. He must be compelled to make it as a result of careful thought. Our third objective is to force him to weigh the total cost of aggression in making his decision. He must not be permitted to think only in terms of the small local price. He must be compelled to consider the whole cost which might well involve the use of the heavy retaliatory forces as well as the military strength in immediate opposition.

Our so-called Shield Forces, that is, the Army, Navy and Air Forces that defend the forward line, are designed to meet these objectives. We believe that the forces available are even now meeting this requirement to a considerable extent. We must, however, continue the programs which have been approved by our countries, approved by the military and political authorities of the Alliance, so that in all cases which may reasonably be expected to develop, we can force the pause and compel the conscious decision, action which should prevent a war by mistake in NATO Europe.

In a military sense we are strong even now, and there is the even greater strength that comes from working together for a common purpose, from understanding each other's needs and problems. There is the strength that free people demonstrate, and create, when they face up to a threat, and determine to remain free.

Just as these strengths have developed within the NATO framework in the last ten years, the Alliance continues to be necessary for the years ahead. It has given us a basis for rebuilding our hopes and regaining our confidence. Today, the renewed threat to Berlin reminds us that the danger continues and that, in the face of danger, we must be strong as well as resolute. We are reminded that security requires *doing* as well as wishing. We are commanded by the words and the spirit of the North Atlantic Treaty to seek a firm basis for peace. Until we find this peace, until our search is rewarded by a real hope for security, a real basis for confidence, we must continue to build common defense which, under NATO, has kept free people free. This is the cause to which we, the soldiers, sailors and airmen of NATO, are dedicated.

THANKS OF THE MEETING were expressed by Mr. John Proctor, President of The Canadian Club of Toronto.

"EXPANSION WITHOUT INFLATION"

An Address by

THE HONOURABLE DONALD M. FLEMING,
Q.C., M.P.
Minister of Finance

Thursday, October 8, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: As I introduced the distinguished financiers at our head table a few moments ago I could not help but reflect that our Guest of Honour must feel very much like Daniel in the lions' den. Let me hasten to reassure him that he is among friends; indeed, in a sense, among his own family, for he returns to Toronto almost as a native son (albeit a prodigal son), as a member of this Club, a past member of our board of directors and as our guest speaker now for the fifth time, which may be something of a record.

The Minister of Finance is a very busy man. Within the past two weeks he has been in London, representing Canada at the first meeting of the Commonwealth Economic Consultative Council; and only last week he was in Washington attending meetings of the Boards of Governors of the World Bank and the International Monetary Fund. The fact that he has come here today, in the midst of this heavy schedule, is a further indication of the importance of the present financial crisis and the consideration it is receiving from our Government.

The subject of the address we are about to hear is "Expansion Without Inflation". Surely this is an objective we can all endorse. But I must say to our good friend and fellow-member—not in any partisan or argumentative way, but in all sincerity—that up to now the Canadian people have been very confused and uncertain about the Government's policy and by the Government's attitude.

So we doubly welcome this timely visit by the Minister and we hope that during the next half hour he will do all in his power to dispel our uncertainties and to recreate that spirit of mutual understanding that should exist among all Canadians when we face a common problem. It is my pleasure to present the Hon. Donald M. Fleming, P.C., Q.C., M.P., LL.D., the Minister of Finance and Receiver-General of Canada.

THE HONOURABLE DONALD M. FLEMING: I am happy to have the opportunity today to address you and to comment on subjects which are engaging public attention and are a source of concern to business. Public discussion of questions pertaining to economic growth, credit, interest rates, money supply, inflation and associated subjects is altogether desirable. My only regret is that at times the welter of conflicting arguments has served to confuse rather than to enlighten.

Finance is not always a simple subject. One is reminded of the famous saying of Napoleon:— "La strategie economique est un art simple, tout d'execution." (Economics is a simple art; it all depends on the execution.) With authorities on central banking springing up on all hands, most of them inspired by a dislike of paying high interest rates, may I acknowledge at the outset that the subject is difficult and in some features even abstruse. In endeavouring to clarify I hope I may avoid the danger of over-simplification.

I have had the good fortune over past several weeks to attend international financial gatherings of the highest importance, first the meeting of the Commonwealth Economic Consultative Council in London, and then the Annual Meetings of the Governors of the International Bank and the International Monetary Fund at Washington. These meetings have offered opportunities not only for general discussion, but for direct talks with some of the leading banking, financial and monetary authorities in the world. I return to Canada with convictions fortified by the best opinions available in the leading countries abroad. No one could participate in these valuable discussions without being profoundly impressed by the enormous recovery in Europe and the formidable contribution which hard work, self-discipline and financial statesmanship have made to the restoration of Europe's currencies to soundness and strength. The economic outlook of the Western World has improved enormously in the past two years, particularly in the industrial countries. The expansion has already gone a long distance, but the possibilities of further economic growth in the present phase are not exhausted in the world, any more than they are here in Canada.

During the past three years Canada has passed through a fairly complete business cycle. The period has presented almost every variety of economic and fiscal problem. It has in a sense been an economic microcosm. It has required on the part of the Government a flexible and adaptable approach to changing conditions. This is the note that I sought to sound in my Budget Speech on April 9.

The upswing which followed the recession of 1954 reached its peak in late 1956 and early 1957. Early in 1957 the economic trend was reversed and the North American Continent moved into a relatively short, but difficult period of recession which continued until the summer of 1958. During the next year we moved along the road to recovery, slowly at first, but since last spring with rapidly increasing momentum. The period of recovery from the recession is now past, and Canada has entered upon a period of rapid economic expansion. All signs point toward a continuation of this expansion and growth. The scale of expansion has been so great as to create financial strains, now reflected in problems of credit.

The problem which confronts us at the moment is, how may we sustain expansion without inflation? This is the question which Canadians ask, and are entitled to ask. All realize that it is not possible to ensure a completely even and unbroken course of growth. Most people recognize that in a period of such rapid economic expansion the dangers of inflation can become more threatening. It is a time for calm appraisal, careful study and analysis, constant vigilance and courage.

Let me review the steps which the Government has taken to meet the rapidly changing economic problems which have confronted Canada. We took prompt action in the summer of 1957 by such means as were within our power to offset the decline in business activity. We gave strong support to new housing construction; we increased substantially our own direct expenditures on capital projects; we reduced our own resources to increase those of the provinces and municipalities; we sustained and enlarged the general purchasing power of the Canadian public both by tax reductions and increases in pensions and other welfare payments. As the result of these and other governmental measures in the fiscal field, both the depth and the length of the recession in Canada were greatly reduced. Inevitably we incurred in the fiscal year 1958-59 a large deficit—not so large, however, as any of the estimates and prophesies concerning it.

By the summer of 1958 the recession had passed its low point, and the tide turned. Recovery by degrees gathered steady momentum. By the spring of 1959 the Government again adapted its fiscal policy to meet these rapidly improving conditions. It was not yet a time for a severe application of fiscal restraint, but the situation did require a reduction in the stimulus which Government fiscal policies had injected into the economic stream. We took a firm course designed to combat the perils of inflation and to preserve the purchasing power of the Canadian dollar without retarding the forces of recovery. Accordingly we raised taxes moderately and curtailed the expansion in Government expenditure. We announced a fiscal programme which would cut the cash deficit of the preceding year almost in half and would come close to producing a balanced budget as the economy regained a normal high level of employment and incomes. As I said in my Budget Speech on April 9, "There are times when a substantial deficit is clearly the right policy; there are times when the Budget should be in balance; and there are times when some provision should be made for the orderly retirement of debt." If, as all the current signs indicate, we continue to progress rapidly toward a high level of employment and income, and as capital expansion in the private sector resumes its accustomed rate of growth, we look forward to the time when the Government will cease to be a net borrower. This is a matter of deliberate aim on the part of the Government, and its achievement should materially assist the provinces, municipalities and business in meeting their borrowing problems.

I based the Budget on an estimate that our Gross National Product in 1959 would be approximately seven per cent higher than in 1958. This estimate was greeted by many with some surprise, indeed in a few quarters with derision. It is now evident that some of those who are responsible for directing business policies were not prepared for such a rate of growth and seriously under-estimated the demands that would be placed upon them. Indeed, it now seems clear that our 1959 GNP will exceed the estimate I made six months ago.

This growth, and the fact that it was under-estimated by not a few persons in positions of responsibility in business, have produced some stresses and strains, particularly in the demand for and the supply of credit. On January 5th of this year, speaking in this building, I expressed the hope that recovery in 1959 instead of taking the form of a sudden boom would proceed at a steady and sure pace, and thus assist the Government to curb inflationary forces in the economy. A major expansion, however, has set in with all its attendant financial strains.

In some respects money and credit are like any commodity: their price responds quickly to major changes in supply and demand. The price of credit is the level of interest rates. When the supply of credit is ample or the demand is slack interest rates fall; and when this situation is reversed interest rates rise. But interest rates also reflect the quality as well as the quantity of supply and demand. If lenders or investors develop doubts about the wearing or the lasting quality of the securities they are offered they will be reluctant to buy except at a lower price, that is to say, at higher rates of interest.

It is in this respect that money and credit are so very different from commodities, in that any excessive increase in the supply is almost certain to deteriorate the quality. We have all learned in recent decades that a persistent in-

Gen. Lauris Norstad, Supreme Commander Allied Powers, Europe, defends the outposts of freedom from Berlin to Bering Straits, May 14, 1959 meeting.

THE HON. DONALD M. FLEMING, Q.C., Minister of Finance, answers inflation critics, October 8, 1959 meeting.

crease in the supply of money beyond that amount necessary to finance the growth in population and production leads to inflation—to a rise in the general level of prices, to a fall in the value of money and to a decline in the real value of securities which represent a future claim on money.

That is why, in spite of their apparent complexities, sound monetary and fiscal policies are so important to the average citizen. That is why any responsible government must do all that is within its power to defend the value of its currency, and prevent the erosion of the past and future savings of the ordinary citizen. This leads me to review what has actually been happening in the field of money, credit and banking during the past year.

The supply of money consists of the currency in circulation plus the total volume of bank deposits on which the depositors can draw cheques. The demand for money is most readily represented by the total amount of bank loans outstanding at any time. When business is slack the demand for money also slackens since business firms do not need to carry as large inventories of raw materials, goods in process or finished products, nor do they have as large payrolls to meet each week. As business improves more money, or working capital, is needed to finance increased supplies of materials and goods, to pay weekly wages to more employees, and to buy or build additional machinery and equipment. The business man normally obtains this money, or working capital, by borrowing from his bank.

At the peak of the 1956-57 upswing the total of all business loans by the banks amounted to about $4,300 million; at the low point of the recession they were about $4,000 million, or a decline of about 8 per cent. By March of this year the volume of general business loans had again risen to the 1957 peak of $4,300 million, and continued to rise rapidly until it crossed the $5,000 million mark in July. During the past ten weeks the volume of general business loans has levelled out at a figure slightly over $5,000 million. In other words, business loans have increased by more than 25 per cent from low point of the recession only a little over a year ago, and are now 17 per cent above the previous high record in 1957. It is thus clear that any apparent shortage of credit today is due to the extraordinary intensity of demand for commercial loans arising out of Canada's rapid economic expansion.

Let us now consider the extent to which the Bank of Canada, the chartered banks and the Government in their respective spheres may control or influence the available supply of loanable funds and their effective use. Some of the responsibilities and powers of these institutions have been defined by Parliament; others are of a more general nature.

By act of Parliament passed in 1934, and confirmed on the several occasions since then when the Act has been before Parliament for amendment, the Bank of Canada has been given the duty "to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action." To this end the Bank of Canada has the sole right of issuing paper currency; it has the power to buy and sell broad classes of securities, to make short term loans to the chartered banks, and otherwise to establish and give effect to the appropriate monetary policy from time to time. Under this Act of Parliament the Government of the day has no power or authority whatsoever to direct how the Bank of Canada shall act in these matters.

Let me emphasize that the Government of Canada has no power or control whatsoever over money supply. It cannot increase it, vary it or decrease it. I sometimes receive letters asking me why I turn the money supply on and off like a tap. The fact is that the Minister of Finance has not the slightest control over money supply.

While the Bank of Canada has a broad control over the money supply, it is the chartered banks that decide through their day to day actions how that supply of money is allocated. The overall limit of bank credit is controlled by the statutory requirement that each bank shall maintain a minimum cash reserve equal to 8 per cent of its deposit liabilities, and by an understanding between the banks and the Bank of Canada that each of the chartered banks will maintain in addition a minimum secondary reserve of highly liquid assets (i.e. day loans and Treasury Bills) equal to a further 7 per cent of its deposit liabilities. But beyond that it is for each bank to decide for itself, having regard to prudent banking practice, what proportion of its resources is put into loans, how much is invested in federal, provincial, municipal or corporate securities, or what amounts should be committed to insured mortgages under the National Housing Act. In the allocation of these resources neither the Government nor the Bank of Canada has any authority to direct how the chartered banks shall act.

While the Government has no direct control over money supply and the volume of credit, nevertheless its fiscal and debt management policies unquestionably affect the total credit situation. During the period of the recession the large federal deficit that we deliberately engendered was matched by an increase in the money supply by the Bank of Canada to a degree which the Bank believed to be appropriate to the circumstances. As conditions changed from recession to recovery to expansion, the Government adapted its fiscal policy by moving in the direction of a balanced budget. Concurrently, the Bank of Canada having regard to these changed conditions, and being particularly concerned with the inflation psychosis that appeared to be spreading into Canada from the United States, took steps to stabilize the money supply.

Early in 1957 the total of currency and bank deposits in Canada was about $11.4 billion. Beginning in the summer of 1957 the Bank took steps to expand the money supply progressively to $12.3 billion in the early summer of 1958 and to $13.2 billion later in the year. In his annual report for 1958 the Governor of the Bank stated that the special circumstances of the summer of 1958 led to a somewhat greater increase in money supply than was fully warranted by strictly economic conditions, and since the first of this year the operations of the Bank of Canada have been designed to keep the money supply at a stable level. While the total money supply has remained relatively stable over the past twelve months, except for seasonal variations, may I emphasize that there has been no freezing of the money supply. Fluctuations always occur from month to month. It is worth recording that from the beginning of the recession to the present time the proportionate expansion of money supply in Canada has been significantly greater than in the United States. Over the past two years the United States money supply has increased 10 per cent, while ours has increased 16 per cent.

The intense pressure of demand for money and credit has had its effects on the cost of borrowing, and the curve of interest yields over the past three years reflects the changing economic conditions. This curve of interest rates reached a peak in mid-1957, dropped off sharply to the mid-summer of 1958, rose sharply up to August of this year, and has been showing a mixed trend during the past six or eight weeks.

This rise in interest rates is not just a Canadian phenomenon; the same trend exists in the United States, and the spread between Canadian and American interest rates has followed a fairly consistent pattern. The rise in interest rates and the consequential decline in bond prices has been the result of two main influences—the large increases in net new borrowing through the sale of securities, and the heavy selling of bonds by the chartered banks in order to acquire cash for making business loans to their customers.

Net new issues of securities in Canada by the federal, provincial and municipal governments and by corporations have shown wide swings over recent years. In 1954 the total amount of net new borrowing through the securities market in Canada was just under $1 billion, in 1955 it was almost $2 billion, in 1956 it was somewhat over $1 billion, in 1957 $1,750 million, in 1958 nearly $2,700 million, and in the first six months of 1959 it was about $1,100 million. This year the federal government's share of Canada's net new borrowing requirements will be only about half of what it was last year.

The role of the chartered banks in the bond market has also been significant. In round figures the chartered banks held about $2,500 million of Government of Canada securities in August, 1957. By October, 1958, this figure had risen to almost $4,000 million, and the published figure last week showed holdings of approximately $2,800 million. In other words, between August, 1957, and October, 1958, the banks made net purchases of $1,500 million of Government of Canada securities, but during the past twelve months they have made net sales of $1,200 million —sales which were necessary in order to provide funds for regular business and commercial loans. The constant selling by the banks has for many months created a steady pressure on the bond market.

The encouraging corollary of these figures is that the general public in Canada, after several years of selling off their Government of Canada securities, have during the past twelve months greatly increased their holdings. In 1955 the general public's holdings of Government of Canada securities were about $9 billion; by mid-1958 they had fallen to less than $8 billion. Today the public's holdings of our bonds exceed $10 billion, an increase of $2 billion in twelve months. In other words, in one year the public's holdings of Canada Bonds have risen by 26 per cent. This increase is in part a reflection of the more attractive interest rates prevailing, but it also demonstrates unmistakably the growing public confidence in the Government's determination to resist inflationary pressures and to defend the value of our national currency. This same confidence was further demonstrated by the striking success achieved by our Bond issue on September 14th, the result of which has helped to stabilize the bond market still further. Moreover, besides the increase of $2 billion in its holdings of Canada Bonds the public has in the same twelve-month period increased its holdings of other Canadian securities, whether provincial, municipal or corporate, by another billion dollars.

Let me make it very clear that as Minister of Finance I dislike very much having to pay high interest rates on government borrowings. We price the securities which we issue as closely as we can in the light of rates prevailing in the market. No government, excepting one possessing complete totalitarian powers, can compel free men to lend it money. The interest rates which governments in a free society must pay depend upon the interplay of the forces of supply and demand.

Interest rates are high. Money is dear. Last week the United States Treasury issued $2 billion of bonds with a four year-ten month maturity bearing a 5 per cent coupon. It is the highest rate paid by the United States in the last twenty-nine years. It is a fact, however, that the prevailing high interest rates have not interfered with the processes of economic growth either in Canada or elsewhere.

Let me add one final observation on the subject of interest rates. There are those who contend that a measure of inflation would today bring about a reduction in interest rates. This is a fallacy of the deepest dye. Inflation would divert savings into equities and diminish the supply of loanable funds. The result would be to force interest rates upward.

In recent months the rate on Treasury Bills has aroused interest and discussion out of all proportion to its importance. The yield of these Bills is by far the most volatile of interest rates since it reflects very short-term borrowing, usually for thirteen weeks. For example, the rate was 4 per cent in the summer of 1957; it dropped to less than 1 per cent in the summer of 1958; it moved up to a peak of over 6 per cent in August, and is currently below 5½ per cent.

These bills are offered for sale by weekly tender. They are a great convenience to the banks who buy and hold them in large volume as a secondary reserve, since there is always a ready market for them and they can be converted into cash on very short notice. Private business also finds the Treasury bill system of great advantage, and of the $2 billion of Treasury Bills presently outstanding more than $800 million are held by the general public—chiefly by corporations who use them as a means of earning interest on temporary idle cash balances. The average interest yield at the weekly tender is normally an accurate indication of the relative pressures of supply and demand in the money market. The Government, however, found it necessary to intervene in the weekly tender last August. The bill rate had been moving upward during most of the weeks since the beginning of the year, but as a result of the rather sudden actions of the chartered banks in unloading large quantities of bills to meet their cash needs for increased loans and virtually discontinuing all new purchases the bill rate on August 13 rose to an all time high of 6.16

per cent, and the tone of the market seemed to indicate that still higher rates might follow. We were convinced that this was a quite unrealistic rate, that the confused market atmosphere had sent the rate up too far and too fast. Consequently we intervened in the following week, and, in strict accordance with the published terms of the offer, we rejected bids in excess of a certain figure. I believe that events have fully justified this bold and unusual action. The bill market settled down on a much more rational basis, and the rate, though still high, is now a much truer reflection of the real forces of supply and demand operating in the market.

This leads me to comment on the Bank of Canada discount rate. This is the rate at which the Bank of Canada as the "lender of last resort" is prepared to make short term advances to the chartered banks. The fixing of the Bank rate is an exclusive function of the Bank of Canada, and it would not be appropriate for me to discuss it in detail. I shall make only two observations. In fact the chartered banks very rarely borrow from the Bank of Canada, and almost never for a period in excess of seven days. In 1957 there were only nine weeks in which any bank made such borrowings; in 1958 only eight weeks; and so far in 1959 only ten weeks. The maximum of such loans in any week in these years has been $30 million, and most of the loans are in amounts of $5 to $15 million. Clearly there is no valid foundation for any suggestion that the level of the Bank of Canada discount rate has any significant relationship whatsoever to the interest rates the chartered banks charge their customers, or that it has any material effect on the chartered banks' cost of doing business. Rises in both rates indeed spring from the same cause, namely, an abnormal borrowing demand against a limited supply.

I have already drawn attention to the extraordinary demand in 1959 for commercial credit in Canada, and to the fact that the existing shortage is the outcome of the free play of the strong forces of economic growth and is not attributable in any degree to any reduction of supply. Restrictions on credit are never popular. Refusals of credit tend to provoke strong personal resentments. We should have Utopia if every credit-worthy borrower could obtain all the money he requires at reasonable rates of interest, on other terms to his satisfaction, under conditions of full employment, a steadily expanding economy and stable prices. Unfortunately, this is a form of coexistence not yet completely attained in this imperfect world.

You would expect me to comment on the restrictions which the chartered banks have imposed on their own lending operations. I have often declared my belief that the chartered banking system of Canada is as good as any in the world. It enjoys very high respect in other countries. Over the years our banking system has on the whole well served the expanding needs of the dynamic Canadian economy. I have appreciated the co-operation of the chartered banks in many matters of mutual concern. It would be unreasonable to expect perfection of any banking system. In such situations as the present, however, it is essential that the public should clearly understand where responsibility rests.

Parliament has conferred on the banks valuable charters containing many rights and privileges. I think we will all agree that these should be exercised with due regard for the national interest.

The banks are not the only source of loanable resources, but they are normally the first-line source. In times of enormous demand as throughout 1959, it is vital that the best possible use be made of the existing available lending resources, for these are not unlimited. I am particularly concerned for the legitimate credit needs of farmers and small borrowers, that their interests may not suffer in the keen competition which exists for large and very profitable accounts.

The Bank of Canada publishes quarterly a statement showing the total authorized bank credit limits for customers having lines of credit in excess of $100,000. At the end of June 1957 these lines of credit amounted to $3,864 million of which $2,130 million was outstanding. By June 1958 these lines of credit for the larger borrowers had increased to $4,321 million though only $1,964 million were oustanding. By June 1959, the latest figures available, the lines of credit had been further increased to $4,763 million of which $2,125 million were in use.

The commitments to the larger borrowers have continued greatly to exceed the actual loans, and have obliged the banks to keep available additional reserves to meet these very large lines of authorized credit. It is evident that had the banks not enlarged these lines of credit so substantially within the past year they would not have encountered such sudden and severe pressures as those which developed this spring and summer. I also believe that large corporations should be discouraged from using bank credit as semi-permanent capital. Large corporations, unlike small businesses, can and should raise their permanent capital by issuing additional securities into the market. Let me illustrate. Corporation bond financing in Canada in 1957 totalled $1,045 million, in 1958 $769.2 million. When a corporation raises, say, $10 million in the capital market and reduces its bank loans to that extent it immediately makes available to the banks the means of making 10,000 loans of $1,000 each, or 4,000 loans of $2,500 each, or 400 loans of $25,000 each.

Attempts have been made to draw parallels between what happened in 1956 and what has happened in 1959. While there may be some points of resemblance in the background conditions the courses followed have been very different. In 1956 when it considered that some credit restraint was necessary the Bank of Canada intervened. As the result of its intervention term loans by the banks were curtailed, the liquid reserve requirements of the banks were increased and the banks found it necessary to restrict credit immediately and severely and to liquidate in a short time large holdings of Canada Bonds, resulting in very heavy losses to them. There were strong complaints by the chartered banks, and the action of the Bank of Canada was denounced as tardy, drastic and costly. In 1959 there has been no intervention by either the Government or the Bank of Canada. In May and in August the chartered banks acting on their own initiative imposed restrictions on their lending operations. In doing so there was no need for any of the banks to blame anyone else. Certainly there was no need for indulging in recriminations. The situation was the result of unprecedented demand for credit, and the lending resources of the banks were not unlimited. I deplore the attempt made in certain quarters under these circumstances to attribute to what is vaguely and conveniently called "Ottawa" the responsibility for these restrictions.

One of the complaints which I have heard is that someone in authority should have warned the banks in advance or should have told them to do what in fact they have done. Here let me make it quite clear that I believe that the bankers best know how to operate the banking business in Canada. On the day I was sworn into office on June 21st, 1957, I met the Canadian Bankers Association and informed them of that belief and that bureaucratic interference with their operations did not accord with my political philosophy. The corollary of this belief is that in a free society those who discharge business functions should assume responsibility for their decisions and should not attempt to place responsibility or blame on others.

I am a believer in free enterprise. I believe more firmly in it today than when I became Minister of Finance in June, 1957. But I have found in that period to my regret and shock that many business men are ready to lean on the Government.

In the interests of accuracy it is well to examine the precise effects of the credit restrictions announced by the chartered banks on August 13. The aggregate of the general, i.e. commercial loans of the chartered banks at August 31st was $5,101 million. At September 23rd it stood at $5,030 million, a reduction of $71 million or 1½ per cent. On the other hand, the aggregate of all loans by the chartered banks, excluding call and day loans, dropped by only $18 million in the same period, from $6,202 million to $6,184 million. It is clear, therefore, that while commercial loans dropped by $71 million in September, other kinds of loans increased by $53 million. Provincial and municipal governments and other borrowers derived benefit from this increase. While the government has no power to direct the actions of the banks in such matters, it is within the scope of its duty to bring to the attention of banks, and of any other business, considerations which it believes to be in the national interest; and I make no secret of the fact that I have strongly pressed the banks, both orally and in writing, to give priority to the credit needs of farmers and of small business within the framework of their resources and good banking practice.

Again I stress that the fundamental cause of the present credit stringency is the rapid expansion of the Canadian economy, and that the only sound way to relieve this pressure and to maintain a sustained rate of growth in keeping with our expanding population and our rich resources is to increase our total supply of capital. We can increase our capital in only two ways, from our own savings and by borrowing from abroad. While we welcome foreign capital and we shall continue to need foreign investment, by far the better way is to increase our own capital resources by saving and by wise investment. The Government will pursue policies which will encourage saving and the sound formation of Canadian capital.

These remarks would not be complete without some reference to the exchange rate of the Canadian dollar. For the past nine years there has been no exchange control in Canada, and the exchange rate of the Canadian dollar, instead of being pegged at any fixed value, has been free to fluctuate in accordance with the forces of supply and demand prevailing in the exchange market from time to time. Since 1952 the Canadian dollar has been quoted at a premium over the United States dollar—a premium which has risen at times to 6 per cent as in August 1957 and is now quoted at about 5 per cent.

I am well aware of the disadvantage which this premium imposes upon certain important sections of the Canadian economy. In particular, it reacts to the disadvantage of those Canadian exporters whose price is fixed on world markets. It tends to increase imports. It penalizes the gold mining industry. It accounts for a material part of our current large trade deficit with the United States.

Nevertheless, there is no practical alternative under the present circumstances to the system of free exchange. To attempt to reduce the premium would necessitate the use of large sums of money, which are the property of the Canadian taxpayer, for the purpose of purchasing United

States dollars. Even after employing huge sums of money to reduce or eliminate the premium, it is evident that under present conditions further large sums would be required in order to maintain any fixed relationship between the two currencies.

I have reserved to this point my observations on the subject of inflation. "The choice is between the path of creeping inflation and that of a strong and stable dollar", was the warning of Dr. Wilhelm Vocke, the eminent German central banker, to the United States recently. The warning applies with equal force to Canada. We want growth. We want an expansion of our economy. We want the development of our resources. Can we have these and at the same time avoid the perils of inflation? This is a challenging question.

There is a prevalent belief that a measure of inflation, called "creeping inflation" contributes to growth. Let me speak on this subject as clearly and emphatically as I can. There can be no compromise with inflation in any of its forms, including its insidious creeping form. The Canadian Government has chosen the course of maintaining a strong and stable Canadian dollar. On July 14, 1958, the Prime Minister said: "I want to emphasize again at this time that the preservation of a sound currency and the maintenance of stability in the value of the dollar are matters to which the Government attaches the highest importance."

Inflation is a robber in all its forms. As I said in an address in this building on January 5th, "It is a stealthy thief reducing the value of savings, fixed incomes, insurance policies, bonds, pensions, mortgages. I hope the Canadian people will always be on their guard against inflation."

Inflation is the enemy of growth. We should not be deceived when it for a time dons the disguise of growth. Rather, both inflation and the anticipation of inflation increase instability in business. Inflation promotes overspeculation in inventories. It provides incentives for premature additions to plant capacity. It retards growth because its impairs the quality of management investment decisions and thus promotes the misallocation of capital. It tends to diminish the potential productivity of new investment. It tends to divert the investment of savings away from productive investment and into hedges against inflation. Both inflation and the anticipation of inflation destroy the basic processes of saving and investment. They dilute the purchasing power of accumulated money savings. They transfer wealth from less fortunately situated individuals and families to equity holders of higher income status.

Canada enjoys no immunity from the dangers of inflation. Indeed, it has a special interest in avoiding those perils. If Canada does not maintain the stability of her currency while all of the other principal countries are doing so with theirs, we will most certainly be priced out of world markets, with results that will be a catastrophe for Canada. We have not lightly taken up the battle against inflation. We are not unmindful of the tasks and risks involved. We do not beguile the public into thinking that the battle against inflation can be won without paying a price. We do not change our policies as have those who but a few months ago were shaking confidence by their doleful declarations on the subject of inflation and are now prepared to turn a benign eye on relaxation of effort. But having fought to this point with some success against inflation, there can be no turning back or capitulation or half-hearted struggle now. Field Marshal Montgomery told me last year that one should never start a battle unless he is prepared to carry it through to the finish. How many battles have been won on the field only to have the fruits of victory thrown away because the battle was not pressed in the moment of victory? There is a climax in every battle, and it may that we are reaching that climax in the battle against postwar inflation. Between 1945 and 1957 the value of the Canadian dollar was reduced to 62 cents. Since the summer of 1957 it has lost only three cents of its value. The period of recovery has thus been accompanied by what was a reasonable degree of price stability under the circumstances. Now is the time to stand firm and to hold the positions we have won. It would be particularly dangerous now to create the impression that we are weakening in our resolve.

I am asking for the support of the Canadian public, to the fullest degree that Canadians are prepared to give it to us, in our efforts to preserve the stability of the Canadian dollar. We must all recognize that there is in the world today a shortage of capital, and Canada is experiencing that shortage. I ask the Canadian people to refrain from ask ing for governmental expenditures which are not strictly necessary now. By preserving the value of the dollar, we shall strengthen confidence in Government credit, which will in turn arrest the upward movement in interest rates and restore bond values. This is a task in which every Canadian has a direct interest.

"The task of maintaining the soundness and stability of currency is never ended," said President Eisenhower recently. "We must be vigilant, realistic and determined in our efforts to resist the perils of inflation."

I referred in opening to the enormous recovery in the economic and financial strength of the United Kingdom and the countries of Western Europe. The expansion of the Canadian economy matches that of any other country in the world. The existence of financial strains should not be permitted to obscure in our minds the rising strength of the Canadian economy. Today the Gross National Product has reached record heights. There are more persons employed in Canada than ever before. They are earning more than ever before. They are spending more than ever before. They are saving more than ever before. Canada's exports are at a record level. Canada's imports are at a record level. Canada's total trade is at a record level. Farm cash income is at record levels. The public's holdings of government securities have reached an all-time total. Savings deposits in the Canadian banks have reached a record level. Labour income is at an all-time high. Retail sales are higher than ever before. Liquidity in the Canadian economy is strong. Canada has recently witnessed a sudden upsurge of capital spending on new plant and equipment. These outlays, which are widely diffused throughout the economy, are rising for the first time since early 1957, and have helped to push the Gross National Product to an annual rate of $34.7 billion in the second quarter of 1959. Canadians never had more reason to be optimistic than they have today. Let us choose the basis of the Canadian prosperity. We can seek an illusory prosperity by resorting to inflation. In the long run, however, we shall find that inflation and real growth are mutually antagonistic and incompatible. On the other hand, as Mr. Per Jacobsson, Managing Director of the International Monetary Fund, said last week in Washington: "It is becoming more and more understood that monetary stability and a vigorous economic expansion are not incompatible objectives."

What then is the fiscal policy of the Government? It is to promote the vigorous growth of the Canadian economy while maintaining a sound and stable dollar; it is to achieve the fruitful development of the resources of this country while resisting the perils of inflation. Are these objectives compatible? They are!

THANKS OF THE MEETING were expressed by Mr. A. C. Ashforth.

"COMMUNIST CHINA—TIME FOR REAPPRAISAL"

An Address by

JAMES S. DUNCAN, C.M.G., LL.D.,
Chairman, Ontario Hydro

to a joint meeting of the Empire Club of Canada
and the Canadian Club of Toronto
at Toronto, Ontario

Thursday, October 15, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Today we welcome an old friend. Mr. Duncan is so well known and has been introduced to Toronto audiences so many times, it is clearly unnecessary on this occasion to say anything about his business career or how he lays up for himself treasures on earth. Instead, let me refer to another measure of the stature of the man, his record of public service and his social and humanitarian interests, the rewards for which, if any, neither moth nor rust can corrupt.

He has been Acting Deputy Minister of National Defense for Air, Chairman of UNRRA's Combined Agricultural and Food Committee, a member of the National Research Council, Honorary President of the Fighting French, Toronto Section, Chairman of Toronto's United Welfare Chest and President of the Board of Trade. Since 1949 he has chaired the Dollar-Sterling Trade Council, and since 1955 the Australian-Canadian Association. In September 1956, he acted as Chairman of the National Conference on Engineering, Scientific and Technical Manpower and following this Conference was appointed Chairman of the National Advisory Committee on the Advancement of Education. He is a Governor of the University of Toronto, Chairman of the Royal Conservatory of Music Committee, Director of Atomic Energy of Canada, Ltd. and of the Industrial Foundation on Education.

This past Spring, at the invitation of the China Council for the Promotion of International Trade, Mr. Duncan, accompanied by Mr. Walter Gordon, made a three and one-half weeks visit to Communist China. During this visit he attended a closed meeting of the Second People's Congress and chatted with Premier Chou En-Lai at an official government dinner. In addition to his many conversations with officials he personally visited several communes, inspected the living quarters of the people in various parts of the country and saw many factories and industrial centres. I understand that he returned with a deep sense of concern and with some concrete suggestions as to what might be done about the present impasse between Communist China and the West.

It is my pleasure to present a truly great Canadian, Mr. James Stuart Duncan, C.M.G., LL.D., Chairman of the Hydro-Electric Power Commission of Ontario, whose subject will be "Communist China—Time for Reappraisal".

The exigency of our modern methods of communication, limiting my time on the air, for which, no doubt, most of you will feel duly grateful, is, however, somewhat restrictive to cover adequately my impression of a country representing a quarter of the world's population, and obliges me to refrain from further preliminaries.

During the past two decades China has sprung from a semi-feudal, semi-colonial state, foreign-dominated, weak and torn by internal strife, into a position of world power and one of growing leadership in Asia. It is perhaps even still more remarkable that the "Great Leap Forward" (to use Chinese phraseologoy) which carried this problem child of Asia to a position of strength and unity, has been accomplished since the Communist government took over power just ten years ago.

The Communist leaders point with pride to the things which have been accomplished in this short period of time

—and indeed there is a lot to be proud about. They do not mention, however, that the chaotic conditions of the Chinese economy in 1949 were due in no small measure to twenty odd years of civil war; heralded by the Communist Party in 1927 (when they seceded from the Nationalist government at Wuhan), and with the strong moral support of Soviet Russia, the Communist leaders announced a program which called for all-out class struggle and a crusade against (what in their Communist jargon they describe as) all reactionary forces and Foriegn Imperialists.

As a result, the Communist government is now strongly entrenched. It is probably the most dynamic, the most dedicated, and the most powerful which has ever controlled the desiny of China. Whereas their leaders have risen to power frequently through cruel deception and subterfuge, and the heartless elimination of those who opposed their ambitions, it must be said of them in all fairness, that once they reached the summit, they set an example of austerity, of endless toil, of dedication and of personal integrity which has not only left its stamp upon the people but has made more bearable the ruthless disciplinary measures imposed upon those who fail to live up to their exacting standards.

Opium-smoking, alcoholism, prostitution, gambling have been practically stamped out. Bribery, and even tipping, have been eliminated. To what degree this new puritanism is due to indoctrination or to the fear of retribution is a matter of speculation. Both have no doubt played their part but I strongly suspect that fear was the predominating factor.

Wherever one's travels take one in China, unbelievable activity and material progress are in evidence everywhere. Factories, the building trades, basic industries operate around the clock on a three, eight-hour shift basis every day of the year, excepting the days of "national rejoicing," which are six in number.

In the city of Peking alone, more building has taken place in the last seven years than since the beginning of the Ch'ing Dynasty in 1644. Everywhere new factories are being constructed. Public buildings, apartment houses, schools, and universities are rising from their foundations with amazing rapidity. Railway lines are being laid down; airports and sewage systems are being built. More food is being grown, more goods are being produced, more children and young people are being educated, and the spectre of starvation no longer stalks the land.

It is perhaps, therefore, explainable that the great masses—illiterate, docile, inured to hardship, and unaccustomed as they have always been to freedom as we know it in the West—are prepared to put up with the endless toil and sacrifice which is being imposed upon them. Firstly, this is so because they have no alternative; and secondly, because of the belief and hope, which is being drilled into them every hour of the day, by every known method of indoctrination, that they are laying the foundation for a better and more abundant life. They are being taught to suffer now without complaint so that their children, and their children's children, will suffer less in the future.

The people as a whole are polite, friendly, hospitable. They are remarkably resourceful, unbelievably hardworking, and indoctrinated to a degree which precludes individual judgment and causes them to reject the most obvious truths. They are puritanical to the point of boredom. By nine-thirty they are ready for bed; by 5:30 in the morning they are preparing for the day's work. Their most exciting topic of conversation is the great leap forward in pig iron production or the additional bushels of wheat per acre produced in 1958 over 1957. They wear their faith like a badge of honor and proclaim it much more vigorously than the Russians. They display an almost pathological reluctance to express any personal opinions on ideological questions or to deviate in the least little bit from the party line.

There are no grays in China, all is either black or it is white. If you belong to the Western World, then you are an imperialist; if you are a land-owner, then you are an exploiter of the people; if you live in Korea or Formosa, you are a running dog; if you are an American, you are an expansionist and a Paper Tiger to boot; if you differ from the party line, in the most minor detail, you are a reactionary—and a deviationist.

There must be many among the older people who have known a better life and who are spending their days in suffering, in hopelessness, and in despair, but these are not vocal. They are the anonymous ones, they are not identifiable. They are caught up in a mass movement from which there is no escape. Besides, the government is not interested in the middle-aged or the old—these are expendable. All their thoughts, all their hopes and their planning are centred around the young, whose pliable minds they are carefully indoctrinating into the ways of Communism, and into whose eager hands they intend in due course to pass on the torch.

From what I have seen of these bright-eyed, enthusiastic, hard-working and dedicated young men and women, they will not disappoint the hopes and aspirations of their government. They are supremely ignorant of the outer world. They have learned but one side of every question; as the French saying goes, "Having listened to but one bell, they have heard but one sound." They are fanatically convinced that Communism is the only road, and they are all looking forward with infectious enthusiasm to the bright new world in which they expect to play their important part.

I have seen no evidence whatsoever of the weakening of the Sino-Soviet ties, so hopefully forecast by Western wishful thinkers. That this relationship may deteriorate when China becomes more powerful than Soviet Russia, as I believe she will, is highly probable. But this day is not yet dawned, and I am dealing with conditions as they exist today.

The spectacular growth of China's infant industry has only been made possible by the massive aid of the U.S.S.R. —all of which, by the way, is paid for by China through shipment of foodstuffs and raw materials to Russia. The Soviets have not only co-operated in the over-all planning of China's industrialization but they have designed their factories, supplied the machine tools and equipment, sent teams to supervise their installation and get the plants started; in addition to which, they have trained tens of thousands of young Chinese in corresponding plants in Russia. One of the most astonishing features of China's growing industry, the output of which increased very rapidly, is that it is manned exclusively by young people, whose average age does not exceed twenty-five and in many plants does not exceed twenty-two.

The upsurge of Communist education has kept pace with that of the economy as a whole. Before the revolution probably 90 per cent of the population of China was illiterate. Today the percentage is still high but primary education has now become obligatory. There are 83 million children in the primary schools, 12 million in the secondary schools, and 660,000 in institutions of higher learning.

In the early days of the revolution, Chairman Mao Tse-tung was not slow to recognize that the path to power in China lay not through the proletariat, as in Soviet Russia, but through the teeming masses of hard-pressed peasantry, for whom, in the opinion of many, any change could only be for the better. Mao Tse-tung became the leader of the peasants, who supplied not only the economic sinews of the revolution, but the voluntary manpower for the Red Army. Eighty per cent of all the agricultural land of China was owned by the landlords and wealthy farmers. That this should be taken from them without compensation, and distributed gratis among the land-hungry peasants, was the bait which rallied them to the cause of the Communist revolution. Land reform (as it was called) was, however, but a gigantic hoax, a calculated deception of unprecedented proportions. And although it was implemented in 1951, it was never the intention of the government to create a permanent land-owning peasantry. As soon as they felt themselves sufficiently entrenched, the government moved forward with relentless and undeviating purpose towards their original objective of becoming the sole owners of all the land in China and of turning the peasants into a disciplined, militarized, captive and regimented laboring force.

Time does not permit me to describe the steps which were successfully taken, but by the end of October, 1958, the government's purpose was achieved and 26,000 communes sprung into existence in a short period of three months. From November, 1958, no peasant in China owned any land at all, and all of them, men and women, became overworked and regimented members of labor brigades detailed to tasks alternately upon the land, in small factories, on building projects, or for any other purpose which the commune manager and his committee (all young, and all active members of the Communist Party) deemed to be in the interests, not of the peasants and their families, but of greater productivity.

Living conditions in the communes are bleak and starkly utilitarian. All the peasants eat together unbelievably modest rations of ground corn or rice, with an occasional sprinkling of bits of dried fish, in unbelievably drab communal dining-halls. They report to work in the fields or the local factories at 5:30 in the morning in the summer time, and are there till 6:30 at night, with rest periods during the day.

It must be pointed out, however, that from the point of view of increasing agricultural production, and therefore reducing the danger of starvation, the commune system, which disposes of large working forces, has a lot of merit. What is missing in the picture is the fulfilment of a pledge, and the well-being, the comfort and individual freedom of the peasants themselves.

I reject the thought that this form of mass slavery was the only avenue open to the government by which national production could be increased and starvation held at arms' length. Those of us who believe in the free enterprise system, and the productivity of farms which operate under it, know that it was not. From a political point of view, however, it was undoubtedly the best way to control the lives of 520 million peasants.

That all is not well in the commune system is startlingly illustrated by the fact that Chou En-lai, in an official speech before the Peoples' Congress, when we were in China in May, stated that total agricultural production in 1958 had risen by 64 per cent over 1957, and that by 1958, as a result of the communes, it would reach the enormous figure of 122 billion yuans. On September 1st, four months afterwards, he announced that these estimates had been over-optimistic and that the 64 per cent increase was reduced to a 25 per cent increase, and that the 1958 estimate was reduced from 122 billion yuans to 67 billion yuans. The Great Leap Forward proved to be a medium size leap only, but even so, a 25 per cent improvement in total agricultural production in one year is still a remarkable performance.

Although the living conditions are very much worse in the communes than in the cities, they are unbelievably low everywhere. A large proportion of all the freight in China is transported by human effort, and one is moved to pity at the sight of tired and sad-faced women, eight or ten of them together, struggling to push or to pull heavy carts laden with steel girders, or bags of cement or material of all kinds, knowing that all that is in store for them at the end of a long and weary day is to share a miserable room, and no doubt a common bed, with five or six other people, and to eat a bowl of rice or ground corn, or occasionally noodles, for their evening meal.

We lived in a hotel in Canton which was called "Loving the Masses," a phrase which is on everyone's lips, and is a sort of cornerstone of Chinese indoctrination, but it seems to me that pitying the masses would come closer to the truth.

Much as we deprecate the methods used, China of 1959 is a formidable reality. The authority of her government is not being effectively challenged by any rival group. Its control over the masses is such that, providing China's government can ensure a modest yearly improvement in the living standard of her docile and disciplined people (and from what I have seen I believe she probably can), the Communist government, I predict, will remain in power for many years to come.

Under these circumstances, it is fairly generally agreed that recognition of the People's Republic of China must some day become an accomplished fact. For 650 million people, whose population is increasing every 12-1/2 years by a number equal to the 1958 population of the U.S.A., it cannot be indefinitely ignored. I doubt if anyone having visited China in recent years still believe in the fiction of the successful subjugation of the mainland by Chiang Kai-shek and the Kuomintang.

The $64,000 question is what can be done about it. How do we emerge from the present impasse? The first thing which must be understood is that China is no longer prepared to accept renewal of diplomatic relations with any country which recognizes the national government of Formosa, which she considers as part of her national territory. The recognition of China, therefore, implies the abandonment of Formosa, and in so far as the United States and certain other Western countries are concerned, the disavowal of treaties freely entered into. There are many who feel strongly that the non-recognition of China by the United States in 1949 was unrealistic and regrettable. I share that point of view.

It would be an over-simplification, however, to conclude that if non-recognition was a mistake, early recognition, without a change of heart and policy by China, is the necessary answer. Such a reversal by the U.S.A. of a policy which has been pursued with uncompromising determination for ten years, would be looked upon by China as a sign of Western weakness and compromise and would be acclaimed by the Communist World as a victory of unparalleled proportions. Furthermore, many well-informed people, while critical of the United States' early non-recognition policy, believe that if she now reversed herself, China, intoxicated by such a signal victory, might well look upon the abandonment of Formosa as a stepping-stone to further and more important demands, and these might well include the relinquishing of America's zone of influence in the Pacific. There are many in expansionist China today who believe that this prerogative belongs to them. A complete *volte face* in America's policy thus does not appear to be the answer. The cure might prove to be worse than the disease.

But the continuation of the status quo ante doesn't make sense either. The U.S.A. should continue, therefore, her policy of containment; but operating from strength (and her strength in the Pacific is unquestioned), she should embark in all sincerity and without loss of time upon a policy of gradual rapprochement. Not immediate recognition, therefore, but generous acknowledgment and respect for China's position as a world power seem to be indicated.

We in Canada should follow a similar policy. The disadvantages of independent action on our part with regard to our relationship with the U.S.A. would far outweigh any advantages which we might derive from immediate recognition of China. Both our countries should sponsor, however, on the broadest possible front, and on a reciprocal basis, cultural and commercial exchanges of all kinds. Members of the Chinese press, leaders of industry, of commerce, of finance should be made welcome among us. Embargoes on exports should be reduced to a minimum and eliminated as soon as possible. We have nothing to fear and much to gain by opening our doors wide and extending to China a welcoming hand. This does not imply approval of the Chinese form of government, any more than our reception of the leaders of the Soviet Union implies our approval of theirs.

It is claimed by some that such conciliatory moves would well be rebuffed by China, but I am inclined to doubt it. Those guiding China's affairs are subtle, nimble-witted and far-sighted men, and it might well be that they would welcome a gradual rapprochement with the United States, and correspondingly a lesser dependence upon Russia.

The day will inevitably come when China will be given full recognition and a seat in the United Nations. The formidable reality of her position cannot be indefinitely ignored; but China will have to realize that she cannot shoot her way to recognition, that she must work her passage towards a settlement in which all parties concerned, including Korea, Formosa and the uncommitted countries of Asia, would take part and the interest of each be safeguarded. Providing the West remains strong and united, so that it is obvious that aggression in the Pacific could be defeated, the danger of a hot war with China is, to my mind, somewhat remote. China's thoughts today are not turning towards an early war but towards a long period of peace, during which she hopes to develop her resources, build her industries, educate her people, equip and modernize her army. She recognizes that the permanency of her government depends upon her ability to do these things.

The early threat is not, therefore, of a hot war but of a cold one. It is only less dangerous by a matter of degree.

Until quite recently, the high cost economies of the West could compete with the low-cost economies of the more backward nations, because their industrial equipment, their technologies, and their mass production methods offset the more primitive efforts of the low-paid workers of the "have not" countries. Today all this is changed. Soviet Russia and now China possess, or are in the process of building plants and employing manufacturing techniques which compare in every way with those of the industrialized countries of the West. The combination of cheap labor and raw materials, on the one hand, and comparable manufacturing equipment and practices, on the other, have created a new situation which is going to be a hard one for the West to meet.

Quotas and high tariff barriers are not the ultimate answer, certainly not for Canada, whose prosperity is so dependent upon export trade. Broadly speaking, the solution is not to keep out competition but to meet it. To do this (and it won't be easy) we must maintain our somewhat precarious lead in scientific development, research and manufacturing techniques, and all of us, not only the manual and the white collar workers, must be prepared to work a great deal harder, and, if necessary, to do so for smaller rewards.

This situation is only alarming if we fail to face up to it. Do not let us forget that the industrial strength of North America, the United Kingdom and Western Europe is still much greater than that of Russia and China. We have the tools, it is up to us to use them effectively.

The thirty-six hour week and more pay for less work is certainly not the answer; but perhaps more work, intelligently directed, more production for the same pay, and more dedication should enable us to hold the line.

The important thing is that we should hang on to our markets over the next twenty or thirty years, because, human nature being what it is, the inexorable pressures for better living conditions, more comfort and more luxury, will make themselves felt in the Communist countries as they have with us. These pressures will tend to increase costs, and as this happens their competitive advantage over the Western World will tend to lessen. This is happening today, in some measure at least, in Russia.

In closing, may I say that I brought home with me from

China last May a feeling of admiration for the unceasing toil, the intelligent dedication and the resourcefulness of a hard-driven people. I returned home, however, with a sense of deep concern over many of the things I saw in China and the impact which they will undoubtedly have on our Western way of life, unless we do something about it, and do it soon.

To meet these emerging influences we must change many of our preconceived ideas, including our out-dated and fallacious concept of racial superiority. The time has come, gentlemen, for a reappraisal of the position of China and all of Asia in relation to the Western World. Indeed, such a reappraisal is long overdue.

THANKS OF THE MEETING were expressed by Mr. J. S. Proctor, President of the Canadian Club of Toronto.

"EXPELLEES—A PROBLEM OF A DIVIDED GERMANY"

An Address by

DR. HERBERT SIEGFRIED,
Ambassador of the Federal Republic of Germany

Thursday, October 22, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Western Germany has amazed the world by the dramatic resurgence of its economy in the years since the war. But Germany is like a house divided against itself and the residents of its eastern zone, together with whole populations of neighbouring states, are under the domination of a political system they have not freely chosen. Under these circumstances it is not surprising that millions of these unfortunate people have been driven from or escaped from their homes and swarmed into the democratic western zone. The resultant problems and the influence of these immigrants on the political, social and economic life of Western Germany is the subject of the address we are about to hear.

Herbert Siegfried is a Doctor of Jurisprudence and a career diplomat. He commenced his public service in 1929 as an Attache at the Foreign Office. In 1934 he was appointed Legation Secretary in Cairo, where he remained until 1937 and then returned to the Foreign Office in Berlin. In 1943 he became Consul General in Geneva where he served as Liaison Officer to the Headquarters of the International Red Cross. Following the war he practised law until 1951 when he was appointed Counsellor of the Embassy in Brussels. In 1954 he was appointed Minister to Sweden and in 1956 was promoted to the rank of Ambassador. For the past year he has served in this capacity in Canada.

It is my privilege to present to you the Ambassador of the Federal Republic of Germany, Dr. Herbert Siegfried, who will speak to us on "Expellees—A Problem of a Divided Germany."

Dr. SIEGFRIED: Let me thank you sincerely for the invitation you so kindly extended to me. I deeply appreciate the privilege of being the guest of your distinguished Club.

I noted in your annual report that you have been addressed earlier by the diplomatic representatives of those countries which are particularly close to your ever-growing nation, close by virtue of the fact that the majority of all Canadian families once came from these lands—Great Britain, France, the United States and Ireland.

For the past two hundred years people of German linguistic background have also joined those Canadians. Numbering about eight hundred thousand, including two hundred and fifty thousand postwar immigrants, they constitute at present the third largest ethnic group in Canada. They have become loyal Canadian citizens and I know that they are also making an important contribution to close and friendly relations between our two countries. Bearing all this in mind, I am particularly pleased that you wanted me to appear before The Empire Club of Canada.

I should like to give you today a picture of *one* problem of the divided Germany which in its size, its details, and consequences is only little known on this side of the Atlantic. I am referring to the problem of "Expellees and Refugees in the Federal Republic of Germany". This question is crucial for Germany's situation after the war and for her future course and development. There is also another reason why it seemed quite appropriate to choose this subject as the refugee question is one of the most serious world problems of our century. Recognizing this, the United Nations have proclaimed the present year as "World Refugee Year". Fifty-two nations are taking part in a world-wide effort to increase aid and assistance to those who, due to war, revolution or the partition of states, for political or religious reasons, have had to leave their home-lands. In Europe, in Asia and in Africa, the number of these unfortunate people amounts to almost fifty million!

The question of the German refugees and expellees is, therefore, only a part of a world-wide problem.

I am fully conscious that as far as Europe is concerned, my country bears a great deal of responsibility for the existence of this problem which is the result of the war Hitler started with criminal frivolity. It is, therefore, understandable and willingly accepted by the new Germany that, although the Federal Republic now has the largest number of refugees and expellees of all the countries in the world, the United Nations Relief and Rehabilitation Administration and the International Refugee Organization have legally excluded any support to German victims of expulsion and flight.

There are thirteen million German expellees and refugees. What does this figure mean? What is its relation to the total German population, to the German territory? What is the meaning of the terms "expellee" and "refugee"? The answer can only be found in a brief review of the profound changes which have occurred in the structure of Germany since 1945.

In 1937, Germany covered an area of 181,000 square miles. 24% of this area was, after the war, put under Russian and Polish administration and is generally referred to as the "Oder-Neisse-territories". Another 24% of the 1937 area constitutes today the Soviet Occupied Zone of Germany, the so-called German Democratic Republic where the Soviet Union had introduced a purely Communist puppet regime in 1949. Therefore, only 52% of the original German soil makes up the Federal Republic to-day.

The Potsdam Agreement of 1945 gave a free hand to the Polish authorities to expel not only the German ethnic minority which had been living in Poland before 1939, but also to expel the entire native German population of the Eastern provinces of Germany conquered by the Red Army and handed over thereafter to Polish administration. These provinces are situated between the line formed by the rivers

Oder and Neisse in the West and the pre-war German-Polish frontier in the East. The governments of Czechoslovakia, Yugoslavia, Hungary, and Roumania were likewise permitted to expel the German minorities. In the Baltic countries they had had to leave their homes after the Russian annexation in 1939.

The ancestors of all these people had lived in the Eastern areas for 700 years, in the South-Eastern European countries for 200 and more years. The ethnic German minorities beyond the pre-war frontiers amounted to 7.4 million, the indigenous German population of the former Eastern German provinces to 9.6 million. Thus the total figure amounts to to-day's population of all of Canada. Of these 17 million people only about 12 million arrived between 1945 and 1957 in the Federal Republic and the Soviet Occupied Zone of Germany. 2.5 million are missing, have perished, were deported or died of disease and starvation. 2.5 million still live in the countries of expulsion.

The twelve million who arrived West of the Oder-Neisse Line are called *expellees*. Three million nowadays live in the Soviet Zone. Nine million came to the Federal Republic where another quarter of a million Germans from Eastern areas also joined their families under arrangements made between the Polish and German Red Cross. Therefore, the total number of expellees in West Germany to-day amounts to 9.3 million uprooted people who when they came brought nothing with them, except what they wore on their backs.

The second category are the *refugees*. The political, economic, and, last but not least, the psychological situation in the Soviet occupied part of Germany and in East Berlin has been such that since the end of the war 3.3 million German citizens who had been normally residents of that area, have left it and asked for refuge in the Federal Republic. They continue to arrive day after day by the hundreds, sometimes almost a thousand a day. They must cross the borderline illegally and must leave behind them all they own. Their belongings are expropriated and confiscated by the Communist authorities. A regular permit to move westward is practically only granted to elderly people in very exceptional cases.

In addition to the groups of expellees and refugees, I must also mention a third category of homeless people who found themselves in Germany by the millions at the end of the war, the so-called Displaced Persons. They were nationals of all European countries who had been displaced from their homelands by Hitler's slave labour policy. Immediately after the war, the United Nations Relief and Rehabilitation Administration and, later on, the International Refugee Organization took care of them—numbering about eight million in 1945. The majority have been repatriated. But about one million did not wish to return to their homelands and were helped to emigrate to Western Europe or overseas countries. 150,000 of them, however, elected to remain in the Federal Republic. The political development in the Eastern European countries has since contributed to the increase of their number so that by the end of 1958, 230,000 foreign political refugees were living on the soil of West Germany.

Let me say then that to-day the Federal Republic including West Berlin has a population of 52 million inhabitants of whom 12.9 million, that is almost one quarter, are expellees and refugees. On the other side of the Iron Curtain, the Soviet Occupied Zone of Germany has a population of roughly 17 million people of whom 3 million are expellees. The population of the Soviet Zone has since 1945 steadily decreased, simply because people flee from the Communist regime there. The population of West Germany on the other hand has increased by 17 million and her density of population stands to-day at 539 persons per square mile.

If you remember that the war had ended for Germany in total defeat and collapse, if you recall that more than fifty per cent of her industrial plant was destroyed; that the remainder was idle because of dismantling or lack of raw material; that more than one quarter of housing space, 4.5 million apartments, had disappeared, or had been so heavily damaged that they were unfit for dwelling; that the transport system had been completely disrupted; that there were no food, no raw materials, no medical supplies; that the physical breakdown was matched by a corresponding spiritual and psychological collapse; and that all these

THE HON. JOSEPH R. SMALLWOOD, Premier of Newfoundland,
re-introduces Confederation—1950 edition,
November 19, 1959 meeting.

Basil Ziani de Ferranti, M.P., a British investor in Canada advises "Buy Canadian!", January 7, 1960 meeting.

troubles were multiplied by the dissolution of all German administrations down to the smallest local level; if you remember all these factors, it may well be asked what was done to master such a situation.

It became possible only because the occupying Western powers recognized very soon that food stuffs, medical supplies and shelter had to be given to the German population and its millions of unwanted guests, and because it was recognized that a minimum of German administration had to be established, a minimum which as time passed was extended step by step until a new German State was established in 1949. The Federal Republic of Germany arose on the territory of the former British, American, and French zones of occupation.

The leading idea of reconstruction was the endeavour to reawaken the old civic spirit based on moral values and to appeal to the responsibility of the individual. The unfortunate ones who had lost everything had to be helped by a tremendous common effort. Yet private property was to be respected, no government controlled welfare state was to be created. In spite of the national catastrophe, the State had to be kept subservient to the citizen who, by his free decision, his individual action, and by the exercise of free competition, was to produce a maximum of progress and recovery for the good of the entire community. All this was only possible by giving complete political and economic equality to the millions of refugees and expellees in order to re-individualize them and to make them share the life of the community as if they had always been a part of it.

Guided by these considerations, the Germans went to work, gradually taking over more and more responsibility and getting along after a few years without any foreign aid.

First came the repair and rebuilding of homes and industries. Simultaneously the gaps had to be closed in the economic and social structure: gaps created by the unnatural splitting up of so highly an integrated country as Germany. Fiscal and economic tasks of unheard of scope had to be faced in order to help the expellees and refugees, to provide work for them and to give them an equal chance. As quickly as possible their position had to be changed from that of a recipient of public welfare to that of a taxpayer contributing to the community.

But in the first three years after the war the economic condition in Germany was such that vast numbers of the refugees and expellees, who naturally had been channelled to rural areas, were unemployed, and suffered from overcrowding and bad housing and were largely dependent on the activities of the various national and international welfare agencies. Particularly the international relief operations are most gratefully remembered in Germany for their assistance proved vital in keeping millions of Germans at least alive.

A great and radical economic operation changed the whole situation decisively for the better, the currency-reform of 1948. By one painful stroke it recreated sound German money. At the same time the Marshall Plan aid helped a great deal to boost economic activity. The German authorities abolished all trade restraints and regulations and step by step introduced the free economy.

On the political plan, the Basic Law, our new German constitution, was enacted. As far as the expellees and refugees were concerned it confirmed their legal equality.

Most important, however, both from the economic and political point of view, was the "Equalization of Burdens Law". This law aimed at nothing less than a completely new distribution of wealth among the German people in order to distribute equally the burden of the war all of them had lost together. All private property, business, capital, savings accounts, mortgages, etc. were charged up to fifty per cent of their value as assessed in June 1948. This charge bears interest and the capital charge plus the interest serves to pay a compensation for the losses of property suffered by the expellees and by those local residents in the Federal Republic who through the bombing lost their property. The capital charge plus interest is to be amortized by equal annuities to be paid until 1979. This "Equalization of Burdens" is a unique levy on capital without destroying private property! The payments are of course in addition to normal taxes.

"A "General Law on Expellees and Refugees" replacing various provincial laws of former years complemented in

1953 the legislation in favour of expellees and refugees.

The main problem resulted from the lack of housing and employment opportunities for many years. By 1957 more than 4 million new dwelling units were built. The expellees have been allocated 950,000 of these homes. With an annual rate of house construction of 500,000 units there still is to-day a heavy backlog. And new refugees arrive every day. Thus many hundred thousands of newly built apartments are over-crowded and there are still 2,091 camps with 333,000 homeless people. Plans have been worked out to close these camps by 1963.

In areas with a very high percentage of expellees new industries were created providing employment. Since 1945 the Federal Republic financed employment places for more than 5½ million employable expellees and refugees. Nevertheless, whilst employment has been provided for many million people, integretion has not been fully achieved for about half of them. A large number of expellees are naturally suffering from a loss of their former social position. About 10,000 have set up small or medium sized industrial firms with the help of their unbroken initiative and of credits out of public funds.

The most difficult group to be settled is the farmers, as the Federal Republic offers very little agricultural land to absorb them and it has only been possible to re-establish some 85,000 of about 300,000 peasant families.

Immediately after the war there was a widespread wish to emigrate. However, since emigration always depends on the intake capacity and the will of the receiving country, and since the Federal Republic has made great efforts to meet the needs of the expellees and refugees, this trend has now been largely reduced. But for those whose freely taken decision it has been to emigrate, the Federal Republic made large financial contributions to defray their transport costs. The average emigration rate per year amounted to 60,000 people of whom 40% were expellees and refugees.

The 230,000 foreign refugees in the Federal Republic were transferred to German responsibility in 1950. In a special law on the legal status of homeless foreigners they were given practically all but the political rights, and they enjoy treatment, including credit facilities and social security benefits, which is far more liberal than the one the international convention on refugees offers.

The financial effort made by the German taxpayer to cover the expenses of all these integration programs amounts for German nationals to more than 42 billion D-Marks; for foreign refugees until 1958 3.1 billion D-Marks increasing by 60 million D-Marks each year.

For credit facilities a special bank has floated loans on the German capital market to an amount of 885 million D-Mark handling 760,000 individual credit cases.

I am afraid I have given you a great many facts and figures but it seemed the only way to make it clear that compared with 1939 the situation of Germany in the present world has completely changed. It would be thoroughly misleading to identify the Germany of today in size, structure and mentality with the former Reich.

Before the war Germany was to a large degree self-sufficient. After the loss of the vast agricultural Eastern provinces the now overpopulated West would perish by starvation if it had not reconstructed an efficient industry as the basis for exports essential to its survival. Much of the recent economic recovery in West Germany is explained by the fact that the people who had suffered so much hunger and despair during and after the war strove with unparalleled energy to overcome this misery. The millions of expellees and refugees especially have contributed to this achievement by working hard for their own re-establishment. It can be doubted whether this development was foreseen when in Potsdam the Western Allies also agreed to the evacuation of East Germany. The present prosperity admittedly has not only fortunate aspects, as such keen competition in world trade often creates uneasiness even between political friends. Nevertheless, one must bear in mind that this prosperity is the best protection against Communist infiltration from the East; that if it came to an end masses of unemployed could easily be ready to believe in extremist doctrines. This happened in Germany during the world economic crisis in 1929-30 when Communists and Nazis were the strongest vote-getters and Hitler finally overran the moderate parties.

With its purely accidental configuration, the Federal

Republic is as yet a state without an established political tradition or as the London *Times* once put it an "economic society in search of a nation". The leading political idea of the Federal Republic is based on the aspect and the firm hope of national reunification. As nobody denies that this nation exists and is only artificially divided and that every nation has a right of self-determination, the majority of the people on both sides of the Iron Curtain are conscious that this basic right can never be abandoned. Thirteen million expellees and refugees in the Federal Republic and almost the whole population of the Communist ruled Soviet Zone, who suffer most by this division, are the stronghold for the idea of reunification which is shared by all political parties. It is significant that a special "Party of the Expellees and Expropriated" has practically disappeared after the last general election two years ago and only continues to work on the provincial level. Most voters had preferred to join the great parties for the purpose of a more effective struggle for their particular goals. All the more these parties are bound not to neglect the reunification aim of the whole German nation.

As to their lost homes the expellees have adopted in a charter of August 1950 a clear position and solemnly declared: "We, the expellees, renounce all thought of revenge and retaliation". The charter also says: "The Almighty God himself placed men in their native land. To separate a man from his native land by force means to kill his soul. We have suffered and experienced this fate. We therefore feel competent to demand that the right to a homeland be recognized and be realized as one of the basic rights of man, granted to him by the grace of God."

This statement is still valid and there is not the slightest symptom of revanchism in the Federal Republic as the Eastern propaganda sometimes tries to make believe. It is, however, quite another question whether a democratic government could formally renounce such territories where Germans have settled for 700 years. This problem can only be solved by a peace treaty with due regard to self-determination for the whole German nation. It can be predicted that the tension in Central Europe and with regard to Berlin would come to an end.

The Soviet Zone is not a state but a Soviet protectorate which is intensely disliked by its population. Only in June and July last 23,000 people fled to West Germany and in July 49.8% were less than 25 years old! It is completely certain that free elections would lead to reunification.

This really is the crucial point of peace making. If the Soviet Union, as it threatens, would make a separate peace treaty with the so-called German Democratic Republic it would not remove the remnants of the last war but, on the contrary, create permanent resentment in the hearts of the divided nation of 70 million people. Here I should like to quote General Eisenhower as published in the *New York Times* in October 1952: "Two hundred years tell a simple but sensational story about Russia's relation with Europe. One of the easiest ways to measure Russian pressure on Europe is to measure the distances between the Russian frontier and the European Center Berlin. In 1750 it was 1,200 miles, in 1800 750 miles and 1815 only 200 miles. Today Berlin is practically included into the borderline." May I ask you to realize that a separate peace treaty with the East German regime would establish the frontier of the satellite empire even West of Berlin, not far from the Rhine and thus seriously endanger Western Europe. No international arrangement could save West Berlin from being absorbed sooner or later.

You have certainly heard that the Soviet Union pretends not to object to German reunification if the Germans themselves come to an acceptable agreement, and some of you may be puzzled to understand why the Federal Republic is obviously opposed to this procedure. Let me quote Secretary of State Herter who recently told the delegates of the German Democratic Republic in Geneva: "The regime which you represent is neither democratic nor republican nor German." This is true and it is therefore hopeless to come to an agreement about reunification with this regime, unless on a Communist pattern and by surrender of democracy. The only practical result of direct negotiations would therefore be the recognition of a so far contested second German government which ostentiously would make reunification more difficult than ever before. But let me dispel on this occasion the wide-spread misconception abroad that the Federal government also refuses non-political contacts with the Soviet Zone. On the contrary, West Germany is open for trade and to all visitors from this region who are allowed to circulate where they want and are not supervised. On the other side, the Communist regime imposes all sorts of permits, supervision and currency control.

And now let me come to one last and often heard question: "How far can the new Germany be trusted?", in other words: Is German democracy reliable? Gentlemen, every sensible German understands that after the misdeeds of the Nazi period in the past this question does arsie. But I believe that the time has come to admit that Hitler came to power because in his time democracy in Germany was weak; and that democracy was weak because it was born in the hour of defeat and not supported, but in many respects discriminated against, by the old democracies and for both reasons could not become popular. This cannot happen again because this time—after some hesitation—the old democracies were wise enough to make their former enemy their ally of today and tomorrow for the common cause of defence against any potential foe of democracy. For this reason, Germany has also got rid of her historical dilemma to defend her territory on two unprotected frontiers in East and West. The Federal Republic has buried her old rivalries with France and has voluntarily and consciously integrated herself into the Western defence system. One quarter of the population has suffered expulsion and political persecution by a totalitarian system and the young German democracy knows that further Communist expansion can only be stopped and her own future be protected by an unbroken solidarity with the Western democracies.

The Soviet Bloc does not have such a problem of solidarity and, in this respect, is obviously superior.

If the West were to accept the division of Germany as final, the East would absorb, in addition to the 24% of former German territory put under Russian and Polish administration, the 24% of the Communist-ruled central zone of Germany, where self-determination is withheld from 17 million Germans, notwithstanding the fact that this basic right is granted today as a matter of course and with strong Soviet approval to all emancipated former colonial nations.

It is no secret that a number of people prefer the partition of Germany to any other alternative because they fear the strength of a united Germany. Well, I hope you agree with me that this way of thinking is not adequate to the present dangerous situation. No country, except the United States and the Soviet Union, today has the capacity for independent action. While a reunified Germany in this age of nuclear powers no longer can, in the framework of a European or wider security system, ever become a threat she would, by virtue of her geographic position alone, always be essential to the West.

Germany badly needs to be trusted and the German people have during the last 15 years striven hard to gain this trust.

Those 17 million Germans who are not free have unremittingly resisted all Communist threats and blandishments. The 52 million free Germans have steadfastly pursued a policy of reconciliation, surrender of sovereignty, of integration with their neighbours, of faithful partnership and closest cooperation with all free countries of the world.

The German people fully trust that no sacrifices will be made without compensation during the forthcoming negotiations which all of us ardently hope will bring us closer to an era of lasting peace in a prosperous world.

THANKS OF THE MEETING were expressed by Mr. J. B. McGeachy.

"THE OIL INDUSTRY—WHERE DO WE GO FROM HERE?

An Address by

E. D. BROCKETT, Jr.
President, The British American Oil Company Limited

Thursday, October 29, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Our guest speaker today was born in the great state of Texas and graduated from Texas A & M College. He began his career in the oil industry in 1934 when he joined the Gulf Oil Corporation as a roustabout in the oil fields of his native state. Two years later he received his first promotion, to petroleum engineer.

He had a distinguished military career in World War II, advancing from 1st Lieutenant to Colonel and receiving the Purple Heart, the Silver Star with Cluster, the Legion of Merit, the Bronze Star with Cluster, the Distinguished Unit Citation, the Air Medal from the United States and the Distinguished Service Order from Britain.

Back at Gulf after the war, he was promoted to Assistant Superintendent of Production in 1948 and was in the Pittsburgh office from 1949 to 1952 as Assistant to the Vice-President in the production department. In his next important promotion, he was sent to Gulf's Venezuelan subsidiary, Mene Grande Oil Company in Caracas, where he became Assistant President and Production Manager. In 1955 he returned to the United States as a Vice-President for Gulf. In 1957 he became Co-ordinator of the Production Department and in April, 1958, he was appointed President and Chief Executive Officer of The British American Oil Company Limited.

On his arrival in Canada, our guest immediately began visiting the units of his company from coast to coast. He has continued to do this and, in seeing first-hand the oil and gas producing areas, the expanding industrial developments and frontier resource regions, he has gained a valuable appreciation of this country's potential and our energy needs. In short, no one is better qualified to speak to us on "The Oil Industry—Where Do We Go From Here?"

It is a great pleasure to introduce a new Canadian who is already, in ways too numerous to catalogue, making a great contribution to his adopted country, the President of The British American Oil Company Limited, Mr. E. D. Brockett, Jr.

MR. BROCKETT: Since this talk on the Canadian petroleum industry is entitled "Where Do We Go From Here?", I think it only proper that we first consider the ground already covered and establish the position of the industry today.

The petroleum industry in Canada has grown to its present stature in two clearly defined stages, and it is my feeling that the industry is now entering a third phase which promises to be equally as distinctive and significant. In the first stage of the industry's development, which in my opinion ended with the discovery of major reserves of crude oil in Western Canada in 1947, domestic consumption of petroleum products had grown to the order of 250,000 b/d, and the industry had achieved a fairly high degree of integration in refining and marketing operations to supply this demand. Crude oil production, however, was relatively insignificant, amounting in 1946 to only nine per cent of the country's refinery needs, with over 90 per cent of our crude oil requirements imported from other countries—mainly the United States and Venezuela. With the end of World War II, the industry entered a period of phenomenal growth in the consumption of petroleum products and demand more than tripled to 740,000 b/d in 1959. As major reserves were discovered in Western Canada, the entire complexion of the industry changed, and this country became a major crude oil producing nation as well as a refiner and marketer of petroleum products. Between 1947 and 1958, the industry invested approximately $5.3 billion as the increase in demand for products averaged a phenomenal nine per cent a year. Industry spending on exploration and production, which averaged about a million dollars a month prior to 1947, now amounts to more than a million dollars a day.

With the construction of oil pipelines, markets have developed for Canadian oil to the point where production in Western Canada this year will be equivalent to roughly two-thirds of the total crude runs at Canadian refineries. Today petroleum is our number one mineral, and its products rank in value second only to forest products among our resource industries. Canada's per capita consumption of petroleum products is second highest in the world, a fact which undoubtedly is closely related to the high standard of living which we enjoy.

In the past few years there has been a levelling off in the rate of growth in the consumption of petroleum products. We have entered a phase of less rapid expansion, which gives us the opportunity to consolidate and improve the efficiency of our operations. Still, the industry in Canada can look forward to a long-term growth trend of about five per cent a year in consumption of products. That's a doubling of volume every 15 years. Furthermore, with even a conservative growth in export markets, we estimate the increase in crude oil production over the next 10 years will average better than seven per cent a year, resulting in a 100 per cent increase in production by 1969.

Another important aspect of industry growth in recent years has been the discovery and development of large-scale reserves of natural gas and the construction of major trunk pipelines to transport this gas to market. Certainly the utilization of these reserves in Canada and the U.S. must be dramatically increased in the very near future. Few industries in Canada can look forward to comparable growth, a fact that some investors may have overlooked in recent months.

So much for history and predictions—this is today, and at this point in the industry's development, the Borden

Commission has rendered a valuable public service in providing an objective analysis of the present situation and in recommending a sound policy for future development. In its first report, the Commission took a very definite step forward in recognizing the principle that in determining volumes of gas available for export, Canada's future requirements should be related to future trends in growth of reserves. We feel the Commission made an important contribution to the future development of the industry in its recognition of the principle thus stated, and in its finding (which I now quote) "That on any reasonable assumption regarding the growth of reserves in Alberta and British Columbia there will be a moderately increasing volume of gas in excess of Canadian requirements available for export." In its second report, we feel the Commission has put forward recommendations that form a sound basis for ensuring the continuing healthy growth of the producing industry.

The problem confronting the Canadian petroleum industry was well stated by the Borden Commission in the second report. "How best to increase the level of production of the oil industry in Western Canada to the point where such production will sustain a strong and healthy industry without adversely affecting the cost of energy to the Canadian consumer."

Certainly it is a matter of serious concern to the industry and to government that the present level of production is only 50 per cent of the industry's efficient producing potential. This problem is particularly acute for producers in Alberta, since approximately 90 per cent of the industry's total shut-in production is in that province, with the present producing level less than 40 per cent of productive capacity. In this concern about the low level of crude oil production in relation to producibility, we feel there has been a tendency to overlook the fact that the production of natural gas is running even farther behind the industry's ability to produce. While the problem insofar as crude oil is concerned is the development of markets, in the case of natural gas the markets are available today but may not remain so unless immediate action is taken by appropriate authorities.

Without minimizing the seriousness of the present situation, it should be realized that oversupply of this nature is not unusual in the early stages of a new and growing industry. The rapid development in Western Canada was spurred on by an uneasy international situation, which posed a threat to a major source of the Free World's petroleum supply in the Middle East, and which was marked by outbreaks of hostilities such as the Korean War and the Suez crisis. It has also been accelerated by government regulations designed to encourage a high level of exploration activity and the rapid development of reserves. Work obligations under leases and reservations of petroleum and natural gas rights, and government policy in offering proven reserves at auction, tend to maintain a high level of exploration and to accelerate the development of reserves without regard to available markets.

In addition, the present system of pro-rationing to market demand assures an economic allowable to all new wells that are successfully completed, thereby reducing the available market for wells already producing. In order to maintain his present share of production, the operator has no alternative but to continue an active development program that will bring new wells into production to offset the reduction in allowable on producers.

The interest that has been shown in recent months in exploring the sub-arctic regions of Canada is a good example of the type of industry activity that—if successful—might lead to further aggravation of the present situation of oversupply. This sort of exploration activity is essential, provided it is considered in its proper light as a long-range program, aimed primarily at mapping our potential oil-bearing lands against the day when economic markets can be found for oil discovered in these areas. But here again, work obligations tend to accelerate premature development without regard to available markets. At the present time, in view of the extremely high cost of exploration and production in this area and the very formidable transportation problems, the day when this oil can be economically marketed seems remote.

Turning once again to the Borden Commission, we feel that in its second report the Commission has made a thoroughly objective analysis of the situation that exists in the industry today. In considering the economics of the proposal to construct a pipeline to transport Canadian crude oil to the Montreal refining area, we believe that the Commission is correct in its finding that Canadian crude oil would be at a competitive disadvantage compared with imported crudes. Although the Commission made no express finding on this point, we feel that it necessarily follows from this conclusion that the enforced movement of Canadian crude oil into the Montreal area would result in either a reduction of wellhead prices to the producer in Western Canada or higher prices for refined petroleum products to the consumer in Eastern Canada—quite possibly a combination of both.

British American has never opposed the movement of Canadian crude into Montreal by pipeline, but rather has simply advocated that such a project be based on sound economics, without resort to artificial trade devices. So far, all our studies have indicated that such economic feasibility cannot yet be achieved. Assuredly, the present low rate of production in relation to productive capacity is a serious matter, and we most certainly agree that a vigorous effort must be made by all concerned to explore fully every possible avenue for increasing production that would not be prejudicial to the Canadian economy or jeopardize the long-range prospects of the industry in export markets. We believe that in the long term the producing industry in Western Canada may look to increased exports. However, if we are to achieve such markets, our crude oil and petroleum products must be kept competitive with those from other sources.

The Commission has suggested a production target of 700,000 b/d by the end of 1960, which we agree would be adequate to sustain a strong industry and to provide the incentive for further exploration and development. This target is made up from three elements. First, in domestic markets now served by Canadian crude, a requirement totalling 440,000 b/d has been forecast for 1960. We agree this is a reasonable estimate and one that should be achieved without difficulty. Second, the Commission has recommended that petroleum products refined from imported crude in the Montreal area and shipped into the Ontario market be displaced by products refined from Canadian crude in Ontario refineries. This would permit an increase of 50,000 b/d in crude oil production in Western Canada, and sufficient refinery capacity and transportation facilities exist today to implement this recommendation.

British American's submission to the Commission in May, 1958, urged that every effort be made by refiners in areas served by existing pipeline facilities to utilize Canadian crude oil to the greatest extent that is economically feasible, and to enlarge the markets supplied from refinery areas served by existing pipelines. B-A has consistently followed this policy in its own operations and we plan to continue to do so. In brief, we fully endorse the Commission's recommendation on this point, and urge prompt implementation by the industry. The third factor in attaining the suggested target level of 700,000 b/d would be exports totalling some 210,000 b/d by the end of 1960. This would require an increase of some 120,000 b/d over the average of approximately 90,000 b/d in 1959.

We are in general agreement with the Commission's suggestion for a continuing effort to expand export markets. However, we feel that undue emphasis has been put on the responsibility of the integrated refineries for expanding these markets. In fact, it should involve maximum effort on the part of all companies with production interests in Western Canada, since all stand to benefit from increased markets for Canadian crude. The logical markets for expansion of crude exports are those areas presently served by pipeline. Not only is Canadian crude that enters the U.S. by pipeline treated preferentially to other imports, but from the standpoint of laid-in cost, it is competitive with oil from other sources.

The major areas in the U.S. presently supplied with Canadian crude by pipeline are the Puget Sound and Minnesota-Wisconsin markets. Exports to the three refineries in the Puget Sound area, having an aggregate capacity of 135,000 b/d, averaged about 36,000 b/d in 1958. During 1959 they have fluctuated widely and will average approximately 32,000 b/d for the year. It is therefore not unreasonable to expect a substantial increase in movements to this area. Export of our crude to the Midwest states of Minnesota and Wisconsin should average over 60,000 b/d in 1959, and would have been higher if this market had not been affected first by a refinery strike earlier in the year, and now by the prolonged steel strike. Canadian oil is already supplying a substantial portion of the crude requirements of refineries in this area, so any major increases in this very promising market will depend for the most part on normal increase in demand.

The other major refining centre in the U.S. which provides a potentially attractive early market for Canadian crude is the Detroit-Toledo area. At present, our oil is competitive in price with U.S. domestic crude in this area, and, with certain modifications in existing pipeline facilities, Canadian crude could be delivered by pipeline. We feel there is an excellent opportunity to capture a portion of this large and growing market.

While the export target of 210,000 b/d may not be achieved by 1960, we feel the industry must recognize the established objectives and move promptly and vigorously toward these goals. We do not believe that a moderate delay in reaching this level would have any material effect on the future development of the industry or call for drastic action on the part of the Canadian Government to increase domestic markets for our oil. The Commission's concern over the urgency in this matter reminds me of something the great "Boss" Kettering once said when he was told to double his research staff and complete a project in half the scheduled time. He asked his boss, "How much faster do you think an egg would hatch if you put two hens on it?"

While we have been mainly concerned today with the pressing problem of markets for crude oil, I would like in closing to touch again on the equally urgent problem of markets for natural gas, about which something can and indeed must be done immediately. With proved reserves as of January 1, 1959, estimated at 23.3 trillion cubic feet, there is no question that Canada has abundant natural gas for export. The high level of crude oil production projected over the next 10 years would result in over three trillion cubic feet of solution gas being produced along with the crude. By 1969, it is estimated that production of solution gas alone will exceed one billion cubic feet per day.

The penetration of markets for Canada's surplus gas is a matter of extreme urgency, for producers must soon begin to realize a reasonable return on their investment in this phase of the business. If they do not, they must be forced to cut back on the exploration necessary to the orderly development of the industry in Canada. It is essential that prompt action be taken by the National Energy Board and the Canadian Government to approve pending applications for export before markets that are available today are lost to other sources of supply.

THANKS OF THE MEETING were expressed by Mr. Neil McKinnon.

"SOME REFLECTIONS ON KHRUSHCHOV'S VISIT TO U. S. A. AND A FURTHER DEVELOPMENT OF SOVIET-CANADIAN RELATIONS"

An Address by

HON. A. AROUTUNIAN
Ambassador of the U.S.S.R. to Canada

Thursday, November 5th, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: The recent visit of Chairman N. S. Khrushchov to the United States was one of the most dramatic events in the realm of international affairs since the war. On the one hand it swept back the iron curtain and cleared the way for freer intercourse and negotiation between the two great hemispheres of the world. On the other hand it revealed in sharp contrast the deep-seated difference between the philosophies of the east and west as to the structure of the ideal state and the freedom of man. Today we are privileged to hear an interpretation of the significance of this memorable occasion by no less a personage than the Ambassador of Mr. Khrushchov's own country.

The Ambassador is, by education and primary vocation, a Doctor of Economics and a Professor of Political Economy. Before joining the Ministry of Foreign Affairs he did research at the Russian Academy of Sciences and later headed the Institute of Economics at the Academy. His diplomatic career began in 1943 and he has subsequently taken part in many international organizations and conferences, including the United Nations General Assembly. For the past year he has served as Ambassador Extraordinary and Minister Plenipotentiary of the U.S.S.R. to Canada.

One facet of Mr. Khrushchov's personality that became abundantly clear during his visit to the United States was his sense of humour. It is gratifying to know that the Ambassador shares this, as evidenced by his recent remark in Hamilton that when our first spacemen get to the moon they will not have to go through Soviet Customs. Somehow I cannot help but feel that this characteristic—this propensity for seeing the lighter side of things—constitutes at least one common bond between us and that, as people who take life seriously but do not take themselves too seriously, we are bound in the long run to get along together.

The biographical material on the Ambassador that I received from the Russian Embassy ended with one terse and strangely reassuring sentence. It simply said this: "A. A. Aroutunian is married and has children." May I say to you, sir, that, but for an accident of birth, you might have been a typical Canadian!

It is a great pleasure to introduce His Excellency the Ambassador of the Union of Soviet Socialist Republics, the Honourable Amazasp Avakimovich Aroutunian.

DR. AROUTUNIAN: The recent visit of N. S. Khrushchov, Chairman of the USSR Council of Ministers, to the United States is regarded, I believe, an extremely important contribution in promoting a better understanding of the Soviet Union not only in the United States itself, but also in Canada.

Canadians had almost the same extensive opportunities as Americans to follow his visit and his utterances on the most important current problems concerning which peoples are anxious. Everyone understands that the outcome of the visit of N. S. Khrushchov to the USA has vital importance to Canada because of her close economic, political and military ties with the United States. One should not forget the geographical position of Canada located between two most powerful nations. Thus it is quite natural that the visit did not pass off for Canada without any repercussions. I think it had in fact important consequences.

It was not a pure courtesy the exchange of messages between N. S. Khrushchov and Mr. Diefenbaker, when the visit had been accomplished. Flying back home from Washington, N. S. Khrushchov conveyed to the Prime Minister of Canada and to the Canadian people his best wishes of peace and friendly co-operation between the Soviet Union and Canada. The message was welcomed by Mr. Diefenbaker and he said in return that Canadians, being Northern neighbours of the Soviet Union, shared our striving for peace, and friendly co-operation between our two countries. He pointed out, that the Canadian Government and the people were encouraged by the degree of the agreement contained in the final Soviet-American communiqué. Both messages were made widely known in our country, and the Soviet people have appreciated very much that friendly exchange of wishes of peace and co-operation, as an expression of mutual desire to improve yet further Soviet-Canadian relations.

I must say with great satisfaction that the press, radio and television in Canada covered widely and, in general, objectively, correctly—evidently for the time being with some inevitable exceptions—the visit of N. S. Khrushchov to the United States.

Everyone who saw him on TV, who listened to him on radio or read his speeches could say—since he is not a shackled prisoner of bias towards "cold war"—nothing but that the leader of the great country of the Soviet Union came to this continent with good intentions, with all his honest heart and hand to do his best to diminish misunderstandings between two great powers, mutual relations of which determine nowadays international situations, to decrease mutual suspicion and mistrust between East and West, to pour cold water on the hot-headed peoples and open warm beneficent springs to flood the "cold war" in order to develop friendship and good relations between nations and to secure peace in the world.

N. S. Khrushchov appeared before the public as a human being with his family and without any kind of horns and tail, just as an open-minded, straightforward, vigorous and frank partisan whole-heartedly devoted to the cause of peace and friendship between nations. He told the American people the real truth about the Soviet Union. He emphasized peaceful aspirations of the Soviet people and peaceful policy of the Soviet Government, he showed how the Soviet people endeavour to build a communist society, what it means in fact, very different from frightened imagination or from hostile propaganda. The visit of N. S. Khrushchov has been a genuine mission for just and lasting peace and friendship among nations.

Nobody can expect that one visit is enough to bring at once the rule of peace and friendship to this Earth. At the same time no one can deny that the visit of N. S. Khrushchov had great success. International tensions which had been accumulating during long years of "cold war", have begun to lessen considerably. One can say that his visit has been an historical event and has opened a new period of the development of international relations with real possibilities to put an end to the "cold war" and to secure the peace. My observation is that the friendly and peaceful mission of N. S. Khrushchov to the United States has had a significant influence also in Canada.

A few days ago, November 1, the Chairman of the USSR Council of Ministers, N. S. Khrushchov, made a major speech at the session of the USSR Supreme Soviet on the results of his visit to the USA and of his talks with President Eisenhower. I believe it would be of import for us to know his reflection on his visit. He said:

> "You know that during my meeting with President Eisenhower we exchanged views on a number of major international questions. The results are reflected in the joint Soviet-American communiqué. I should only like to add that our talks were very useful and contributed, in our view, to a definite mutual understanding and to bringing closer points of view in the assessment of the situation as a whole, in the approach to some concrete important questions and the realization of the need for improved relations between the Soviet Union and the U.S.A.

> "That is a substantial contribution to the cause of stabilizing universal peace, and we value it very greatly."

I believe that the time is ripe for much more broader contacts between our countries in all fields of international cooperation—in cultural, scientific, economic, and even political. You remember that in the late spring of 1958 a group of Toronto businessmen visited the Soviet Union. If I may I can say that I consider their visit like an appearance of first swallows which bring with them an aroma of spring in public relations between peoples of our countries. But one group of visiting businessmen like one swallow does not make a summer. It made a good start and showed foresight in the development of relations. This year we have widened the scope of exchange visits of businessmen and specialists, artists and scientists. And summer may not be far away.

What we need now is to reach some understanding and agreement on how to handle further development of exchange visits for mutal benefit of both our countries. We have already some experience in the business of exchange of visits. I would not say that everything is moving smoothly, free from bumps, but I have not the slightest doubt about the great usefulness of exchange of visits for both sides. We both have to learn more from experience on how to improve further the exchange of visits between Canada and the Soviet Union, but we have to develop them more and better.

The scientists take the lead in that respect. We have learned that a few days ago, in Moscow, Alexander Nesmeyanov, President of the Soviet Academy of Sciences, and Dr. E. W. R. Steacie, President of Canada's National Research Council, completed the agreement on the exchange of lecturers and research workers in the academic year 1960-61. The Soviet-Canadian program in principle provides for an exchange of three lecturers per year for periods of up to three weeks. Similarly, there will be an annual exchange of up to seven scientific workers for periods up to nine months.

Someone may consider the quantity of exchanges not big enough. But do not forget language difficulties and finance involved. You know that research has always faced tight money situation. To begin with the Soviet-Canadian Plan for exchange of scientists is a considerable and important program for scientific co-operation between our countries. I shall continue to do my best to encourage the Soviet-Canadian scientific co-operation. In the past I was in the Soviet Academy of Sciences and can understand the significance of the Nesmeyanov-Steacie agreement for the benefit of sciences in both countries.

Such an agreement, I am sure, would be useful in other fields of international co-operation between Canada and the Soviet Union. The Nesmeyanov-Steacie agreement is the first agreement on the cultural co-operation between the Soviet Union and Canada, and I hope it is not the last, that it will be followed by others. I believe particularly in the advantages of general and specific agreement on cultural exchanges.

The Soviet Union has agreements on cultural co-operation with many Western countries, as well as with other countries. We have agreements with the United Kingdom, the United States, West Germany, etc. Let us also have an agreement on cultural co-operation between Canada and the Soviet Union.

Peoples of both our countries know each other little, even amazingly little. We need better mutual knowledge of each other. As a matter of fact the Soviet Union and Canada are next-door neighbours. We have to think more on how to get proper knowledge of each other. Tourism will help in that respect. We are going to increase the foreign tourist trade in our country, and hope that we will develop much tourist and other travelling between Canada and the Soviet Union.

The foreign tourism is a new activity for our people. Never, even before the Revolution, had foreign tourism been a noticeable phenomena in our country. Under the Soviet Seven-Year Plan of economic and cultural development we have started a programme to improve considerably foreign tourist services in our country and particularly we have instituted a large programme of building foreign tourists' hotels, boarding houses, motels, camps, restaurants, etc., as well as service stations for cars.

We have already simplified a great deal the mechanics of issuing visas for tourists and other groups of travellers to our country. Just a month ago today we informed the proper Canadian authorities about further simplification of the procedure of issuing visas. I hope that existing difficulties in the development of tourism will be overcome. I shall be happy if we succeed in increasing considerably mutual travelling of peoples of both our countries. That will create better mutual understanding and help to develop bilateral co-operation in many fields of mutual interests.

The Canadians are especially interested in the economic and cultural development of the Arctic. It is quite understandable. The Chairman of the Soviet Government, N. S. Khrushchov, was asked on the very first day of his arrival to this continent about Soviet willingness to exchange information on the Arctic. He told a CBC correspondent at the National Press Club in Washington: "I think we would be ready to do so. We must co-operate with all countries who ask for help. We are against monopolies of all kinds." This statement gives a general basis for the Soviet-Canadian co-operation in the exchange of information on the Arctic as well as in other fields.

We have already given some assistance to the corresponding Canadian bodies who, in connection with the abovementioned statement, asked for information on the Arctic. There are close contacts between the Soviet and Canadian scientific bodies engaged in the work in the Arctic. I am sure that the Soviet-Canadian exchange information on the Arctic will grow with the expected diminishing of international tensions, and with further development of economic, cultural and political development of our relations. Moreover, the corresponding co-operation of our countries on the Arctic matter can involve under certain circumstances much broader aspects than only the exchange of information.

You have a vast area in the Arctic, as we have. As to the Soviet Union I can give you a few figures to show what the cold and frigid zone means for our country. More than one-third of the Soviet territory is situated beyond the Arctic Circle. During January, on three-quarters of the territory we have hard frost with a temperature of 40 degrees C below zero. Since we think about the economic and cultural development of the country, we cannot desert these vast territories because of the frost. Besides that we are interested in the Northern Sea Route. From the Russian north City of Murmansk in the European part of the country to the City of Vladivostok in the Russian Far East, there is a distance of 13,000 miles along the Suez Canal and only 5,800 along the Northern Sea Route.

About thirty years ago we began an extensive economic mastering of our Arctic region. We started to develop first of all the Northern Sea Route. We have built a merchant marine adjusted to the Northern conditions. Recently we have launched a new ice-breaker "Lenin", first ship with an atomic installation constructed for peaceful purposes. The ice-breaker "Lenin" will change radically the traffic conditions in the Northern Sea Route which will create yet more favourable transportation for the economic and cultural development of the Soviet Arctic and northern areas in general. Forty per cent of new capital investments, under the Seven-Year Plan, will be used in the Eastern part of the Soviet Union, connected greatly with the northern areas with the cold climate and eternal frost.

The struggle against the frost presents a problem of paramount interest for the Soviet Union. It is estimated that about 10 per cent of capital investments in our country is used primarily for the struggle against the frost.

The scientists in our country are thinking of how to change the climate of the now cold areas, including the Arctic. There are different ideas, but one of them is the most radical, so revolutionary that it is very difficult at once to recognize it. By the way it concerns directly also Canada and the United States and not only the Soviet Union. In my reflection on the matter, I am encouraged by a story which took place in 1921.

The chief of the Soviet Government at that time, Lenin had a chance to tell to a well-known British thinker, Herbert G. Wells, about the plan of the electrification of Russia. H. G. Wells even with his great ability of knowledge could not understand the possibility of electrification of backward Russia and acknowledged Lenin's programme of electrification as a mere dream, like a utopia. The actual production of electricity in our country now has surpassed many times Lenin's programme which H. G. Wells thought as utopia. Interplanetary travelling is not a utopia now. You know that a number of Soviet and American sputniks are in movement in the space, that the Soviet Union has sent three luniks towards the Moon. If science and labour can realize such old dreams of humanity, why can it not succeed in trying to change the climate in the Arctic?

I have in mind a new project, now under discussion in the Soviet scientific spheres, to erect a giant dam in the Bering Strait and, with its help to reorganize the whole Arctic region—change the climate, make the immense territories of eternal frost in the Soviet Union, Canada, and Alaska the flourishing areas with moderate climate.

Some of you very pragmatic people still think that maybe I spin yarns of a fairy tale. But in fact that is a project on which its author, a very prominent Soviet engineer, Peter Borissov, has worked for more than thirty years. He has elaborated in great detail the scientific, engineering and economic aspects of the construction of a gigantic dam in reinforced concrete of 74 kilometres in length and 50 in depth on an average to floor the Bering Strait. The project is designed having in mind the present level of construction engineering.

The construction of a gigantic dam in the Bering Strait is quite practical from an engineering point of view, quite profitable from an economic point of view. By the way Peter Borissov's project envisages the possibility of making the St. Lawrence bay a navigable waterway throughout the whole year which means your city, the City of Toronto, would become a year-round seaport.

The project is worthwhile thinking over. It requires international co-operation on a very solid basis between many countries—the Soviet Union, the United States, Canada, Norway, Sweden, etc. I realize that it is not realistic today, but we can work to make it realistic tomorrow by changing the whole international situation and establishing on Earth real friendship among the nations. I want to introduce the idea of the radical changing of climate in the Arctic, to the Canadians for their reflection.

Our age can and must become an age of peace and progress. The achievements of sciences and techniques are brilliant, their future development is more exciting. The proper organization and peaceful use of those achievements will so brighten the future of human beings that all the best dreams of peoples will become a reality.

The most indispensable condition of the peace and progress in the world now is to recognize and practise the principles of peaceful coexistence. During his visit to the United States N. S. Khrushchov paid particular attention to the problems of peaceful coexistence of nations with different social systems.

What does peaceful co-existence mean?

It signifies the repudiation of war as a means of solving controversial issues between States. N. S. Khrushchov, Chairman of the USSR Council of Ministers, and D. D. Eisenhower, President of the United States, have agreed that all outstanding international questions should be settled not by application of force, but by peaceful means through negotiation. Peaceful coexistence presupposes an obligation on the part of all states from violating each other's territorial integrity and from interfering in the internal affairs of the other countries. If all recognize the principle of non-interference in the internal affairs of other states—and this means recognition of the right of the people of every state to choose the government and the economic and social system it likes—peace will be ensured on earth. You like your capitalist system, said N. S. Khrushchov to the American Congress leaders. "Well, go ahead, live as you do! God bless you! But we like the socialist system. So be so kind to let us live the way we want to."

Peaceful coexistence requires that political and economic relations between countries are to be based upon complete equality of the parties concerned and on mutual benefit. Peaceful coexistence does not mean merely living side by side in the absence of war, fencing one-self by a high wall. It would be a dull international life. Peaceful coexistence can and should develop into peaceful competition for the purpose of satisfying man's needs in the best possible way. "We challenge you," said N. S. Khrushchov in Des Moines, "to competition in production of meat, milk, butter, consumer goods, machines, steel, coal, oil, so that people may live better. This is far more useful competition than competition in stockpiling hydrogen bombs and all kinds of arms. Let there be more corn and meat and no hydrogen bombs at all!"

The principles of peaceful competition do not at all demand that one or another state should abandon its political, social and economic system and ideology. There are people who think that the capitalist system is better and more productive for mankind. That is their right to think so. There are a great number of people as well who think otherwise. In such a condition we have to assent to one thing—not to try to impose by means of force one's system or one's philosophy upon other nations. In the age of A- and H-bombs and modern rockets, it is a very dangerous undertaking.

Acceptance of the principle of peaceful coexistence cannot lead to the immediate end of disputes and contradictions which are inevitable between countries with different social systems. But the main thing would be ensured—the states would keep to the positions of ideological struggle, without resorting to arms in order to prove that one is right.

I do not say that the practice of peaceful coexistence in the international relations is an easy thing. But what to do?

We have to live on this planet. Every nation has its own place under the sun. We have to learn how to live in peace here on the earth, and not only in heaven. I can assure you that in spite of our achievements in space rockets towards the Moon we are not going to evacuate the population of socialist countries to the Moon and leave the Earth for the capitalism. We are quite human beings and love this Earth and do not believe it paradise in the heavens. By our activities in upper space we are not intended to discover the biblical paradise. If you want paradise, we prefer to have it here, on this Earth.

How to learn to live in peace on this Earth so much suffered from wars? No other way but through mutual respect and understandings, through mutual concession. Chairman of the Soviet Government N. S. Khrushchov stated a few days ago, November 1st, in his speech at the session of the Supreme Soviet: "Peaceful coexistence of states with different social orders presupposes elements of mutual concessions, mutual consideration of interests, since otherwise normal relations cannot be established."

There is no other alternative in our nuclear age. It is a dangerous illusion to think that the situation can be saved during a nuclear war by sending the people into basement shelters.

I believe it is much better to devote all our efforts to avoid war and ensure peaceful international relations between nations. All nations have to learn how to live in peace. The United Nations can, in certain conditions, become an organization where peoples of the world can learn to exercise successfully peaceful coexistence. I venture to say that all nations stand in need of peaceful coexistence, and the Soviet Union does not ask any favour in that respect.

No doubt, such a development of events will answer the vital interests of the peoples of all countries including the Soviet Union and Canada. Canada and the Soviet Union are in fact next-door neighbours. Modern progress in the means of transportation has made our countries even closer neighbours. In the sight of economic development of both our countries, one can see their further approach which will be of paramount importance to both our countries. We pay great attention to the development of our Eastern and Northern regions which are closer to Canada than to our Western regions. Forty per cent of our new capital investments will be used under the Seven-Year Plan in those areas. My understanding is that Canada has a great future in its economic march to the North and the West. On its part, that move will bring your country much closer to our country. In the near future, Canada's international relations and, first of all, economic ties through its West across the Pacific, may become of major importance in world affairs. It would be blind policy for both of us not to take into account the approachment of our countries in their economic move to the new areas—in the Soviet Union to the East and North and in Canada to the West and North. Our economic life tomorrow makes today another strong emphasis upon the importance of peaceful coexistence between Canada and the Soviet Union.

No doubt there are people who honestly do not understand the possibility and the necessity of peaceful coexistence between nations. There are also people who intentionally do not want peaceful coexistence and who are partisans of any kind of war, not only the cold war. N. S. Khrushchov emphasized in one of his speeches, returning from the USA, that he who does not recognize peaceful coexistence slides down, whether he wants it or not, to the positions of the cold war and armaments race, to the position of settling international issues by force of arms rather than peaceful negotiations.

The development of international trade as an essential factor of peaceful coexistence corresponds to the national interest of all countries, including Canada and the Soviet Union, maybe more for Canada than for the Soviet Union having in mind the different importance of foreign trade for each of them.

As to the Soviet Union we have a huge home market as well as all the possibilities to produce what we want. Our seven-year plan of economic and cultural development relies on the internal forces of our country, on our own industrial and natural resources, on the possibilities available for us at home. Our economic plan will not suffer if some countries do not want to increase their trade with the Soviet Union. We believe that trade of any country with the Soviet Union is of mutual interest because of the advantages of international division of labour and specialization of the production in each country. The Soviet Union has important trade relations not only with the socialist countries, but also with the capitalist countries—Great Britain, France, West Germany, Italy, Sweden, and so on. I do not think that these countries do not have benefits from their trade with the Soviet Union.

Last year Soviet exports amounted to more than four billion dollars. The same were for Soviet imports. During the seven-year plan Soviet foreign trade will at least double. The industrial production will almost double. The trading nations cannot ignore that fact or take hostile stands against the growth of Soviet foreign trade and industry. It will not help them and will not hinder the development of Soviet trade and industry. The only alternative is to seek to develop trade relations with the Soviet Union on the basis of mutual benefit.

World market is continuously developing and every country has the possibility to increase its imports and exports. After the Second World War, Canada had increased its foreign trade enormously and she is now among few great exporting nations: Great Britain, the United States, West Germany, France—which have an old history of their trade. The growth of Canadian foreign trade had no harm for world trade, on the contrary, it brought its benefits for world trade. Providing normal development of trade between Canada and the Soviet Union, I do not see any danger neither for Canada nor for the Soviet Union as for the sound competition between them on world markets.

The question of trade is one of profit. And it is rather difficult not to admit the possibility of emulation in this field as well as in others. The only position that it is necessary to keep is not to resort to artificial obstacles, to discrimination, to such abnormal things as dumping. The Soviet Union is a consistent and convinced supporter of healthy normal development of world trade on the basis of mutual advantages, free from dumping, from political discrimination and other methods of trade harmful to international co-operation.

We want to develop our trade with Canada to mutual benefit of business and economy of both countries. We want a more reasonable ratio in exports and imports between both countries. I belive that the present trade negotiations have been spun out without necessity. I believe as well that long negotiations will bring after all good results for both sides. If I may I should say that the easing of international tension which has sprung up from the hopeful talks between Chairman N. S. Khrushchov and President D. D. Eisenhower creates a better general political atmosphere for the development of Soviet-Canadian trade and for mutual understanding in world economic affairs.

The prospects of international affairs are brighter today after the historic meeting at Camp David than during the long previous years. The development of economic and trade relations between the Soviet Union and Canada can only bring its contribution to the benefit of sound international relations. Further development of good trade relations between Canada and the Soviet Union will help to develop the co-operation of both countries also in general political field. Let's take for example the question of disarmament. Canada and the Soviet Union are members of the newly established commission of ten nations for the disarmament. Thus, they assume together with the eight other powers great responsibility in the most important international matter. Chairman N. S. Khrushchov and President D. D. Eisenhower have agreed that the question of general disarmament is the most important one facing the world today and pledged to make every effort to achieve a constructive solution of this problem.

It is well-known that N. S. Khrushchov, head of the Soviet Government, proposed in the United Nations a programme of general and complete disarmament of all states. The United Nations decided by a unanimous resolution to send the Soviet plan for general and complete disarmament together with the British outline to the new 10-nation Disarmament Commission. I am pleased to say that Mr. Green, Minister for External Affairs for Canada, stated at the U.N. General Assembly that he is entirely sympathetic with the general objective stated in the Soviet proposal—namely, a world without arms. Mr. Green gave a neat definition of the Soviet proposal for disarmament—namely, a world without arms. Indeed it is the most encouraging programme to ensure just and lasting peace in the world. Its realization would open a new era in the life of mankind.

The main aims of this programme are the following: land armies, navies, and air forces should cease to exist; foreign military basis must be abolished; all nuclear bombs and military rockets must be destroyed; general staffs and war ministries should be abolished; military educational establishments and organizations must be closed.

The programme consists of three stages, the first of which provides the reduction of forces, the second—the completion of liquidation of armed forces and the liquidation of military bases and the final one—destruction of nuclear and rocket weapons, liquidation of material of the air forces, destruction of all stocks of chemical and bacteriological weapons, discontinuation of appropriation of funds for military purposes in any form. Thus the Soviet plan envisages the liquidation of arms and all types of weapons and forces with the exception of militia and police for keeping internal order.

The Soviet proposal of disarmament includes the means of international control. A contrary assertion is not correct and derives from ignorance and from one kind of understanding of international control.

There are at present two understandings of international control. One requires first, international control—then disarmament. It proposes to establish different kinds of inspection before any real step in disarmament. The other requires international control over the fulfilment of agreed measures of disarmament and sees no peaceful use of international control when there are no real deeds in disarmament. The Soviet Union is for this kind of international control. The Soviet Union considers that the control separated from the real deeds in disarmament will serve in the present international situation the intelligence purposes. The Soviet Union is for genuine international control connected with the realization of agreed disarmament measures in practice. We hope that we shall find common understanding of international control which will serve the real disarmament actions. Let me remind you that the Soviet proposal provides "to supervise the timely implementation of measures of general and complete disarmament there shall be established an international control body which shall have at its disposal all facilities necessary to exercise strict control." And N. S. Khrushchov emphasized in his speech that "it is this general and complete disarmament that will clear the way for the establishment of comprehensive and complete control."

The volume of control and inspection must correspond to the character of measures of disarmament which are carried, stage by stage. After general and overall disarmament is completed the international organ is to have free access to all objects under control. The control organ will also receive an opportunity to establish a system of aerial inspection and aerial photography over the territories of states. The liquidation of material opportunities to conduct war or to make an armed attack as a result of complete disarmament will make it possible for the states to open their territories for genuine observation.

Proposing a programme of general and complete disarmament, the Soviet Government pointed out that it was ready for partial steps in disarmament. We are for the discontinuance of nuclear weapon tests for all time and hope that an appropriate agreement will be concluded to that effect without delay. Chairman N. S. Khrushchov spoke in the United Nations on different partial measures of disarmament and strengthening security, including non-aggression pacts between the member-states of NATO and the Warsaw Treaty, prevention of surprise attack, an atom-free zone in Central Europe and others.

I was asked to point out the Soviet position on the German question. You will understand me, of course, if I say that a public announcement of an Ambassador on a controversial matter would not be in keeping with normal diplomatic practice. The position of the Soviet Union on the German question and particularly concerning the Soviet proposal about a peace treaty with Germany, has been stated many times. Here I may refer to what has been said by Chairman N. S. Khrushchov to American Congressmen: "Our position is known to you. We consider it necessary to take into account that two sovereign states with two different social systems exist at the present time on the territory of former Germany. Let the Germans themselves decide the question of how to live further. How they decide, such it will be."

As to the Berlin question, it is known that an understanding was reached between Chairman N. S. Khrushchov and President D. D. Eisenhower that negotiation would be reopened with a view to achieving a solution which would be in accordance with the interests of all concerned and in the interest of the maintenance of peace. The heads of the Soviet and USA governments have agreed that negotiations on the Berlin question should be reopened and that no limit of time should be placed before them. At the same time they should not be delayed indefinitely. Chairman N. S. Khrushchov stated that the Soviet Government wished to express once more its assurance that all interested sides would try to settle the question of West Berlin without delay, in conformity with the interest of easing tension in Germany and in Europe, with the interest of strengthening peace.

The improvement of international political situation which has started as a result of the visit of Chairman N. S. Khrushchov to the USA is creating a better atmosphere to settle suspended problems of international importance. The talks at Camp David made inevitable the summit meeting.

I believe that Canada, long before that, was for a summit meeting as was the Soviet Union. The sooner the summit meeting the better the cause of peace and security in the world.

We believe that nowadays personal contacts of heads of government and other responsible people have a paramount importance in resolving complicated international problems. The visit of Mr. Macmillan, the British Prime Minister, to Moscow, the visit of Chairman N. S. Khrushchov to the United States are only the first steps of mutual visits of the heads of West and East governments. Those visits will create better mutual understanding, bring more confidence, help to put an end to the 'cold war' and to ensure peace in the world. Further development of good relations between the Soviet Union and Canada can only contribute to the common cause of securing world peace. I believe that the results of N. S. Khrushchov's visit to the United States have opened new possibilities for further enlargement and betterment of the relations between Canada and the Soviet Union.

I tried to make my address to this distinguished meeting of the members of the Empire Club of Canada as clear and informative as possible. That is up to you, gentlemen, to judge how I succeeded. As for me I thank you for your kind attention.

THANKS OF THE MEETING were expressed by the President.

"THE MIRACLE OF ATOMIC ENERGY"

An Address by

SIR JOHN COCKCROFT
O.M., K.C.B., C.B.E., F.R.S., Ph.D., D.Sc., LL.D.

Thursday, November 12th, 1959

CHAIRMAN: The President, Mr. Harold Lawson.

MR. LAWSON: Today The Empire Club of Canada is honoured by the presence of one of Great Britain's outstanding scientists. It is fitting that to make this address Sir John Cockcroft flew this morning from Chalk River, for that was the scene of one of his many triumphs. It was during the years 1944 to 1946 that Sir John was director of the joint Canadian-British Nuclear Research Centre built at Chalk River in this province.

Sir John was born in 1897. He received his higher education at the Universities of Manchester and Cambridge. At Cambrideg he became a Fellow and for a time Professor of Natural Philosophy. Much of his earlier work was in the field of Engineering but he later turned to Physics where his achievements have been outstanding. It has been said that his original experiments in association with Dr. E. T. S. Walton are the seed from which has grown the whole new science of Nuclear Chemistry. Many of the researches now being carried out in the Physics Laboratories of Great Britain, Canada and the United States arise directly from his work.

Shortly before the Second World War began, Sir John had realized the great importance of Radar methods of aircraft detection for the defence of Britain, and his influence at the Cavendish Laboratory and later at Malvern was of decisive importance in the development of Radar. In 1944 Sir John came to Canada as Director of the Atomic Energy Division, National Research Council of Canada. In Montreal, and later at Chalk River, he was in charge of a large group of British, French and Canadian scientists working on Plutonium production. After the War, when the Atomic Energy Research establishment was set up in the United Kingdom at Harwell, Sir John became its Director and has been active in Atomic Energy Reserach work ever since.

Sir John's achievements have received worldwide recognition. He holds honorary degrees from some twenty universities; and there is scarcely a scientific society anywhere in the civilized world which has not seen fit to honour him, either with an award or a medal or by electing him as an honorary member.

I mentioned Sir John's early education and lectureship at Cambridge University. On the 28th of this very month Sir John will move his home from the house he has occupied for thirteen years at Harwell to the house he built at Cambridge over thirty years ago where he formerly lived. From his Cambridge home he will direct the building of the new College at Cambridge named after Sir Winston Churchill, for Sir John has been appointed Master Elect of Churchill College.

No one is better qualified to describe the work being done at Harwell and to tell us of the miracle of Atomic Energy. I will now ask Sir John Cockcroft to address us.

SIR JOHN COCKCROFT: The Atomic Energy Research Establishment at Harwell was founded on January 1st, 1946. The Founder Members including the first Director will always consider it to be a daughter establishment of Chalk River since it was there, working in collaboration with Canadian scientists and with help from the U.S. that we learnt our trade.

I was flown off from Prestwick in a U.S. bomber in April 1944 to take charge of the joint Canadian-U.K. Atomic Energy Project, which was then established in the University of Montreal. Collaboration with the United States had just been agreed as a result of the Quebec Conference and

I was able to have discussions in Chicago on methods of design of atomic piles and also with the formidable General Groves in Washington, who released for the Canadian project, and from Canadian production sufficient heavy water and uranium to get on with the job. In about a year we had built our first zero energy heavy water reactor the ZEEP, which was the first of its kind in the world, built for the study of reactor physics. By the time I left a year later we had almost completed the construction of the powerful NRX heavy water research reactor, which for a long time was the best tool of its kind in the world.

During this year some of the British members of the team had begun to work on the design of the first atomic pile to be constructed in Britain, for in October 1945, the U.K. Government had decided to found an Atomic Energy Research Establishment, and the Royal Air Force Establishment at Harwell was ceded to us during the course of my visit to England in Autumn 1945. We decided to base the U.K. programme on graphite moderated reactors because we did not have heavy water available and we were able to arrange for the production of the high purity graphite necessary at Welland in Canada. A 'Graphite Group' was formed for the design of two atomic piles and the basic specifications were worked out and transmitted to U.K. for turning into detailed drawings.

We also began work at Chalk River on the chemical process to be used for the separation of plutonium and fission products from irradiated uranium. An irradiated uranium bar was obtained from the U.S. and dissolved at Chalk River and Dr. Spence was able by experimental work on a laboratory bench on a test tube scale to work out the process which was to be adopted in the great chemical separation plant which was to be built at Windscale at a cost of about £15 million. There was much disquiet amongst our engineers as to whether the process based on such small scale experiments would work, but it worked without any hitch and has been operating steadily for 7½ years.

I visited our newly acquired Harwell airfield on a wet windy day in February 1946, the rain blowing almost horizontally across the airfield. The R.A.F. had moved out and already we had begun work on the conversion of barrack blocks into laboratories and offices. By the autumn we had erected 100 prefabs to house our staff and by August of the following year our first Atomic Pile the GLEEP was operating, thanks to the enormous drive of a New Zealand team. Less than a year later it was followed by the much more powerful BEPO which has given very good service ever since and has been a major source of radioactive isotopes for the world.

The construction of our BEPO reactor was carried out by our newly founded Production Group under the charge of Sir Christopher Hinton, which had centred itself in Risley in Lancashire. By the time BEPO was critical in July 1948 the experience gained in building it had been used to design the two Windscale Atomic Piles which were built as plutonium producers for the military programme. Simultaneously with this the Production Group built the chemical separation plant at Windscale.

After dealing with the problems of Windscale our thoughts and energies turned to nuclear power and many different ideas for power reactors were put forward. After the experience of building BEPO and Windscale the idea of a further development of the gas cooled reactor was fairly obvious. It was decided to enclose a graphite reactor in a steel pressure drum and to remove the heat by circulating carbon dioxide gas under a pressure of 7 atmospheres. This enabled 10 times as much heat to be extracted per ton of uranium as in the case of BEPO. We also learnt from Chalk River experience with NRX that it ought to be possible to leave fuel elements in the reactor until heat equivalent of 10,000 tons of coal had been extracted from each ton of uranium. Remarkable to relate, this figure has remained ever since as a target to be aimed at in our power stations of the future. In September 1950 a conference was held at Harwell and our engineers presented figures to show that it should be possible to produce power for less than 12 mils a unit. This was the first detailed assessment which had so far been made of possible costs.

Intensive work then proceeded at Harwell on the development of the technology of this particular reactor system. We had to find out how to treat uranium metal to make it dimensionally stable at temperatures above 400°C; we studied the design of the surfaces of the sheaths of the uranium metal to improve the heat transfer. This showed that quite high heat transfer rates were possible, a point which was not understood by our U.S. friends for several years. We also studied the reactor physics of the system and made sure that the hot carbon dioxide gas would not react too violently with the graphite. By the end of 1952 the feasibility study had shown that a nuclear power station could be built to develop 50,000 KW of electricity and that it could produce substantial quantities of plutonium as a by-product. About this time military demands for more plutonium were made and it was decided that the Production Group should design and build the Calder Hall nuclear power station, as a dual purpose plant. After a tremendous effort the first reactor went critical three and a half years later. Since that time the first Calder Hall power station has generated 1.36 billion units of electricity, and it has become the prototype from which has developed the U.K. programme to build 5,000-6,000 MW of nuclear power stations by the end of 1966.

During this time Harwell has been continuosly concerned with the problems of the future nuclear power stations. It has been necessary to carry out detailed studies on the nuclear design of the graphite uranium lattices to achieve maximum efficiency and this has been done in collaboration with the Industrial Groups who are designing and building these stations. Our BEPO reactor has been used to study the reaction of the hot carbon dioxide gas with the graphite at the higher temberatures they will operate. Experimental work is also carried out in our ancient GLEEP reactor to check the burn-up we should achieve in our power stations. Our chemists work on the problems of disposal of radioactive waste. Our metallurgists work on the problems of irradiation damage of the fuel elements.

During this period we have reinforced the reactor testing facilities by building the twin heavy water reactors DIDO and PLUTO. Like NRX they were designed to operate at 10 MW of heat, but like the NRX they will exceed this by a handsome margin. Due to the high intensity of irradiation in their cores they will enormously accelerate our experience of the effect of reactor radiations on fuel elements and metals of construction, and are now turning out results which will save millions of pounds.

During our twelve years of existence we have equipped ourselves to be one of the leading centres of nuclear measurements in the world. We developed at Harwell the first of the electron linear accelerators in which electrons are made to surf ride along the crest of a travelling electric wave. The wave speeds up and so do the electrons. We now have a high intensity accelerator of this kind which produces 30 million volt electrons. Five British hospitals have now installed 4-million-volt LINACS for treatment of cancer. The record for this type of accelerator is however now held by the University of Stanford which has built a LINAC for 700 MeV and has recently been almost promised 100 million dollars to build one two miles long to produce ultimately 45 billion volt electrons. This is one modest by-product of the early Harwell research.

We have used our LINAC to produce extremely powerful beams of neutrons to study nuclear constants important in our reactor programme. This is however only one of four or five powerful nuclear tools we use for such work.

In our chemical and metallurgical laboratories we first produced plutonium metal in the U.K. This began again as a co-operative Canadian/U.K. effort when a Harwell chemist went to Chalk River and there produced a small pin-point (a few mg) of plutonium which showed that the process we envisaged was viable. Returning to the U.K. the process was scaled up several times in successive orders of magnitude and culminated in the production of about 200 grams of plutonium metal in December 1951. By this time we were ready to hand over the process to the Production Group and we have since turned our plutonium effort to work on plutonium ceramics and alloys which may be used to enrich future power stations and to provide fuel charges for the fast reactor power programme of the future.

We have also again in collaboration with Chalk River extracted some of the elements heavier than uranium and have produced quite visible quantities of Californium and Curium for experimental work.

We have from the beginning devoted a substantial effort to producing and processing radioactive isotopes and our sales now approach a million pounds a year. The isotopes are produced in BEPO or DIDO or in Calder Hall. If they require chemical processing they go to our Radio Chemical Centre at Amersham where they are incorporated into a very wide range of compounds. A particularly important series are the organic molecules in which radioactive carbon has been substituted for normal carbon in one or more of the positions in the molecules. They are now amongst the most important tools of the biochemist. We have recently added to our products, sources of radio-cobalt in units of 100 thousand curies and can even contemplate selling million curie sources in the future. This is a remarkable change from Rutherford's days when he thought he was very fortunate to be able to get the equivalent of half a curie of radium on loan from the Vienna Academy of Sciences.

We also have a very flourishing Isotope School which accommodates sixty pupils in a three months course. We have also established an Isotope Research Division at Wantage Radiation Laboratory where researches into new applications of radio-isotopes are carried out. Work at these laboratories established an economic basis of using radio-cobalt for the sterilisation of wool fibres used for carpet manufacture. We have also been responsible for establishing the first Regional Training School for the application of isotopes in the Middle East, first at Baghdad and now in Tehran. In successfully doing this we have anticipated the work of other international organisations by at least four years.

As a result of developments worked out at Harwell, British Industry has now a wide range of radio-isotope aids to production—thickness gauges for steel, brass, polythene, tissue paper, tin on tinplate and so on. Our isotopes are also extensively used for radiography of welds, for the elimination of static, for assistance to the oil industry and a wide variety of other applications. We believe that these applications are now saving British Industry many million pounds a year.

Research into the possibility of obtaining power from the fusion together of the light elements is one of the most exciting though long-term projects at Harwell. The sun and stars derive their energy mainly by the fusion together of hydrogen nuclei to form helium. In the fusion process matter disappears and is converted to energy and this provides the heat of the sun which makes life possible on the earth. So the sun has been gradually burning up its hydrogen for the last ten billion years.

It is natural therefore with Science's increasing command over Nature that we should emulate the sun and try to make use of the fusion reaction on earth to produce heat and electricity. We are pretty certain we could do this if we could heat up a gas consisting of a mixture of the two heavier isotopes of hydrogen—deuterium and tritium—to a temperature of about 50 million degrees. We can devise means of heating the gas but the problem is to contain the hot gas since material walls would obviously melt long before these temperatures were reached. The only feasible method would appear to be to contain the hot gas in a so-called 'magnetic bottle' in which the magnetic lines of force, visualised by Farady for the first time, act like material walls because we are trying to contain a gas in which all the particles carry electrical charges. The result of this is that when a particle tries to cross lines of force it is acted on by a force which causes it to spiral round the magnetic lines of force instead of crossing them. Various forms of magnetic bottle are being tried and it is too early yet to say how leak-proof they can be made.

At Harwell we have used aluminium donuts of steadily increasing size wrapped round with coils to produce a strong magnetic field. This process culminated in our ZETA donut which has a bore diameter of one metre. In ZETA we heat up the gas by passing currents of up to 900,000 amperes through the gas. The great achievement by ZETA was to increase the temperature of the gas from 500,000 degrees or so in previous donuts by 5 million degrees. With the typical cussedness of Nature however when we reached this point the magnetic bottle began to become leaky. As we fed in more energy by putting up the current through the gas, the temperature stopped rising and we found that the energy was escaping in various ways. We are now using ZETA as a research tool to find out exactly why and how this is occurring. For if we can understand it we have a chance of stopping it.

The situation seems to be that the hot gas developed instabilities as we reached interesting temperatures and pressures and the small instabilities grow until the hot gas breaks through the walls of the magnetic bottle so that its energy is dissipated. We are now studying this misbehaviour whilst at the same time planning to build a new ZETA-like apparatus we call ICSE which should, we hope, behave better. We are however in the stage of basic research into Plasma Physics and we are somewhat far away from being able to design a fusion power station. If in due course we succeed, fusion power would assure mankind of inexhaustible power so long as he survives.

Harwell has from the beginning been an important centre of research into the biological hazards of Atomic Energy. When I worked in the Cavendish Laboratory in the 1930's on the transmutation of atomic nuclei we used to judge somewhat empirically the intensity of the radiation to which we were exposed by holding up a screen covered with zinc sulphide which glows under irradiation. If it looked too bright we added another millimeter thickness of lead to our protective cabin. Somewhat similar methods were employed in the Montreal Laboratory in 1943—workers with Polonium used to take it into a dull room to see whether it glowed. If so it was getting dangerous. If it smelt of ozone it was very dangerous. When I went to Canada in 1944 I was fortunately joined by two eminent U.K. radiobiologists who at once proceeded to lay a sound scientific basis for protection of human beings against radiation.

We started to use geiger counters and built other elegant instruments using quartz fibres to measure the intensity of radiation to which we were exposed, and in this way we ensured that we kept well below the radiation dose which our biological friends specified as the maximum permissible limit.

On our return to U.K. the Medical Research Council established a radio-biological research unit at Harwell which has been a centre of radiobiological research ever since. We now have a much better quantitative idea of the amounts of radiation which will harm human beings though this is still a fairly wide bracket in the quantitive figures. It takes a long time and a lot of animals to test the effects of the very small doses of radiation we are exposed to in normal operation. At the present time workers with radiation have a yearly maximum ration of radiation and also a 10-year ration and a life-time ration. All workers carry photographic films which add up their weekly dose. By such means we achieve good radiation protection.

We also concern ourselves with the measurement of fall-out and of contamination by disposal of radioactive effluents. By this means we make our contribution to the studies of the Medical Research Council and the U.N. Radiation Committee whose job it is to evaluate radiation hazards.

The main difficulty facing such bodies is that experimental evidence on the effects of very low doses of radiation takes a very long time to acquire. We therefore have to take a conservative view of induced effects.

THANKS OF THE MEETING were expressed by Lt.-Col. Bruce J. Legge.

"THE UNIVERSITY AND THE REPUBLIC"

An Address by

DR. R. M. HUTCHINS

Joint Meeting with the Canadian Club of Toronto

Monday, November 16th, 1959

CHAIRMAN: Mr. John Proctor, President of the Canadian Club of Toronto.

The speaker was introduced by Dr. Claude T. Bissell, President of the University of Toronto.

DR. BISSELL: I am grateful to the Presidents of the two Clubs that are meeting here today for asking me to introduce Mr. Hutchins. I think that since our distinguished guest might be looked upon as a surgeon, I shall use the English method and refer to him as Mr. Hutchins. It is an honour to introduce the man who for the last three decades has been, certainly on this continent, our most penetrating critic of education.

Now, as President of the Fund for the Republic, he remains an educator, no less powerfully so, than when he was President and then Chancellor of the University of Chicago, for the Fund for the Republic is directed, and I quote, "To the education of the American people to a more profound understanding of the Bill of Rights, and the responsibilities those rights entail."

Mr. Hutchins is thus still concerned with higher education. Indeed, I might say he is concerned with the highest education, for in his new position he can concentrate on fundamentals. Concentration upon fundamentals has been the constant emphasis of Mr. Hutchins' speaking and writing on education. When he was the chief Executive of a large and complex university he gave priority to basic issues and these did not include public relations and fund-raising, although in a highly unorthodox way he was successful in both.

By fundamentals he means the purposes of education, quite apart from any professional goals, and the best means of realizing them. He has been a scathing critic of the spirit of vague benevolence that hovers over much talk of education and leads to blurring, indistinction and confusing of goals.

I have no intention, Mr. Chairman, of attempting even in this general manner to anticipate what Mr. Hutchins will say. He is no exponent of the party line. He believes that education is essentially a great debate in which the unpardonable sin is to cease to strive for truth and he holds with Emerson, of whom he is the modern interpreter, that all foolish consistency is the hobgoblin of little minds.

Several years ago Mr. Hutchins delivered the Marfleet Lectures at the University of Toronto. These were the most enjoyable and most productive lectures delivered at that University up to that time and delivered against the background, if I may say so, of a high standard of public discourse.

My colleagues of the University of Toronto are delighted that the major Clubs of this city have come together to bring Mr. Hutchins here today. We can think of no person better qualified to summon us back to first principles and to do so, as you will see, with wit, lucidity and eloquence.

DR. R. M. HUTCHINS: I return to Dr. Bissell my grateful thanks for his very generous words. I must take this opportunity to give thanks to you for the honour you have done me, and also to Canada and the University of Toronto for all that they did for me when I was a University President.

Twenty-five per cent of the Deans of the University of Chicago were always Canadians. The Doctors of Philosophy produced at the University of Chicago were almost all graduates of the University of Toronto. The Encyclopedia

Britannica, of which I am Chairman of the Board of Editors, is now at last on its way with a Canadian President. We celebrate today the achievement of promise of one of the great universities of the world. All of us south of the border must be grateful to Canada for giving it to us.

When I first came to Canada thirty-five years ago I came as Dean of the Yale Law School with the Dean of the Yale Medical School and we were determined to raid the Faculty of the University of Toronto. We went back with only two pints of whiskey thoughtfully provided by our host, which we had to sit upon while crossing the border. I learned then both of the excellence and the loyalty of the Faculty over which Dr. Bissell now presides with such great distinction.

After that I learned much about university administration from my friend, Sidney Smith, and much about universities and everything else from my friend, Harold Innis. Dr. Bissell, Dr. Smith, Harold Innis and their predecessors, associates, and successors made the University what one ought to be—that is the centre of independent thought. As such, I think the University of Toronto is a triumphal reflection of the Canadian character, one of the great academic achievements of our age.

Think what the difficulties are! Just think of the difficulty of trying to be a centre under present conditions. The great obstacle, of course, is specialization. Specialization is at once indispensable and ruinous. The university now has to have departments running from Anæsthesia to Zymurgy.

Since I became an officer of Yale in 1933 the greatest single change in the universities on this continent is precisely there. At that time it was not even admitted that research had a place in the university. Now, the distinction of a university is likely to be measured by its distinction in specialized research. By this standard, as you all know, the University of Toronto is one of the most distinguished in the world.

Specialization does not mean that it is hard to be a centre. It is impossible, in fact, in the absence of common schooling, in the absence of a common liberal education, and it is impossible in the face of large-sized and manifold departmentalization.

Every community has to presuppose some kind of communication. This appears to require a common vocabulary and a common stock of ideas. (The American Professors of the Faculty Club don't talk about the weather because they are interested in it. They talk about the weather because it is the only subject they have in common which they can discuss in a mutually intelligible language.)

Toronto has largely escaped this fate, not only because the weather is unmentionable, but it has escaped this fate principally because of the excellence of the Canadian school system, because of the universities' insistence on liberal education and because through federation it has established a principle of communication and union.

If it is hard to be a centre it is still harder to be an independent centre, and the reason, of course, is pressure. This is pressure as to immediate needs, the immediate needs of the individual or the community, and these can be real or fancied needs . . . the desires of society, real or fancied, or of any group in society that is powerful enough to make itself felt in the university.

I am sorry to say it, the universities are becoming folk institutions, reflecting the temporary or permanent whims of the American people. They are afflicted by a number of immediate pressing needs. There is, for example, the need to accommodate the young until we are ready to have them go to work. Civilian Conservation Corps has been abandoned and cannot be revived because it is a Rooseveltian idea. We cannot put these young people in jail because they have committed no crime. Therefore, they must become inmates of institutions of higher learning until they have achieved the age that the labour unions and our social prejudices authorize as the age at which they may undertake the business of earning a living. (Under these circumstances it must be clear that the American university has to devote a tremendous amount of its time, attention and money to chaperones.)

In the second place, there is the need that we feel very deeply in our country to introduce the young to the folk ways of the group. This is known as adjustment to the group. You have all heard, I am sure, the melancholy tale of the Oklahoma girl who was at a college there and was asked why she looked so depressed. She said, "I came here to be went with and I ain't." (Failure of education to achieve its purpose with respect to her justified her disappointment with it.)

In Southern California there is a college of considerable distinction in which you will find in the catalogue the following two courses listed: Hope Chest 61, and Hope Chest 61 (b). The catalogue of the college states the object of this course, which is described as a specialized course in the field of homemaking, is to enable the student to learn how to purchase the proper appliances for her home, and it adds in a rather genial if ingenious spirit, that the college has created a special home on the premises in which sophomores, junior and senior girls may experience the more satisfying relationships of home.

Then there is, of course, the need which we feel very deeply to have the young learn to become self-supporting. This, of course, is not new, and it is not lmited to the United States. The Dean of Christ Church, about a hundred years ago, was asked by a student what was the use of studying Greek, and he replied, "It is not only the immediate language of the Holy Scriptures, but it leads to positions of great dignity and emolument."

Now, of course there is some dispute about whether Greek was the immediate language or is the immediate language of the Holy Scriptures. You have all heard, I am sure, of the lady who began the study of Hebrew at the age of ninety and when asked why she did so, she replied that if she were about to meet her Maker she wanted to be able to address Him in His native tongue.

But apart from these theological considerations, there is a very practical one, and that is that the study of Greek now leads to no positions except positions of teaching Greek which though very dignified are not of great emolument.

The fact is that ad hoc instruction is futile in an age of rapid change. In the United States, fifteen million Americans move every year. The most obvious fact of life in Canada or the United States is the rapidity of change in technology. If there is one educational folly that is now obvious it is the folly of trying to teach a student to do a particular thing in a particular way in a particular time and place. About all you can be sure of is by the time he graduates whatever you have taught him to do will no longer be done, at least in the way you have taught him.

Consider, if you will, the programme in Beauty at the Syracuse Technical High School, a programme of which the State of New York is inordinately proud. Beauty, as you may know, is a career for women. I do not mean the process of beautifying themselves—I mean the process of beautifying others for pay.

The Syracuse Technical High School, realizing the responsibility of an eduactional institution to help the young people become self-supporting in any way that is not too disreputable, has instituted a three-year programme for girls in Beauty. The girl enters this programme at about the age of fifteen, and a sample year runs as follows:

She spends forty hours a week in the programme. Five hours are English, which is required by State law. Five hours are driver education and General Science, which appear to be the same thing. Eight hours are homemaking. Two hours are Physical Education, and the balance, which is about twenty hours is devoted to the Beauty laboratory, in which the girl goes through the esoteric mysteries of the science of learning how to do manicures, hair waves, and whatever else the mysteries may be.

What I want to know is what happens if the girl changes her mind between the ages of fifteen and eighteen. What happens if through technological change there are no jobs beautifying anybody around Syracuse by the time she gets through high school? (Imagine this if you can: suppose that style of beautification for ladies should become as simple a matter as it is for men. What, I want to know, would this girl have left with which to face the thermo-nuclear age?)

Then we have a need which we feel very deeply in our country—the need to have jobs done. A few years ago I was being driven across a bridge from San Francisco to Berkeley by a very good driver. He happened to mention that he had just taken a degree of Doctor of Philosophy. I said, "In what subject?"

He said, "Driver education."

I said, "Where?"

He said, "At the University of California."

It may strike you as odd that there would be a Doctor of Philosophy in Driver Education. I can explain very quickly the fact that the man had taken this degree was absolutely inevitable. Anybody who has been to California knows California needs better drivers. Therefore, every graduate of every high school in California is required to take a course in driving. This course in driving must be taught him by a teacher who has been taught how to teach driving. Under the practices and laws of the State of California, a teacher may not be taught the subject he is going to teach except by a person who has the degree of Doctor of Philosophy. Hence, there must be Doctors of Philosophy in Driver Education.

Now, these are what you might call external pressures, but there is in the United States . . . I am sure it does not exist in Canada . . . a very serious internal pressure that operates on all American universities, and that is the pressure for money. The pressure for money arises from those members of the Faculty who believe, usually wrongly, that their salaries should be raised, that their facilities should be improved and that their staff should be enlarged. This pressure is communicated directly to the office of the central administration, and where you have weak men, and Presidents like me, they immediately respond and start out to get the money.

Now the American universities . . . I am sure this is not true in Canada . . . are convinced that people with money will give it to a university only if they can be misled about what the university is. Therefore, the university gradually changes from what it ought to be into what the ignorant and misguided think it is, because it is unfortunately true, even in the higher politics of large universities, if you give money to a university for a purpose, the university feels bound to carry it out. (The result is that the solicitations that you make disingenuously turn into boomerangs and you find yourself with activities that you deplore, amply financed.)

Now, the question is, how can these pressures be resisted? The University of Toronto has been assisted by the Act of 1906, and has been assisted by the fact that its sources of support have been as mixed as you can imagine. The ideal, of course, is not to take refuge in the law or even the mixture of your sources of support. The ideal is not to have these pressures and the question is whether this can be done. I think it can, and I think that Canada and the University of Toronto have the tradition and the understanding that reduce these pressures to the minimum.

I had a friend who was the Minister of Education of the Netherlands. Under the law of Holland he had the authority to appoint all the Professors in the university whether they were any good or not, or whether the rest of the Professors liked them or not.

I said to him one time, "What happens if you apopint a man who is obviously no good, universally disliked by the other members of the Faculty, to the Faculty, say, of the University of Leiden?"

He looked at me aghast and said, "My government would fall."

In other words, the people of Holland are perfectly willing to have the Minister of Education have these reserve powers, but they were not prepared to have him exercise them, and the reason the arrangement, therefore, under which the Minister of Education has these powers, and that this arrangement worked was that the Dutch people knew what a university was and what to expect of it, and they understnd its relationship then under the political society.

Now, the way to develop a tradition of this kind is to have a vision of the purpose of the university against which proposals pressed upon it may be tested, and the way to arrive at this is to ask what a university can do that no other institution can do.

My answer to this is that a university can think. Now then, the range of this limited activity, of thinking, is obviously very wide. The task here if we are going to teach everybody how to think about everything would be enormous and I always remember with great satisfaction the words of Sir Richard Livingston who said, "The good school teacher is known by the number of valuable subjects he declines to teach."

Therefore, a university should be a centre of independent thought about the most important and permanent concerns of the community. The test of who should be a teacher or a student is: will he think? And the test, of course, of research programmes is: how much thought do they require?

I am ashamed to have to tell you I believe in the United States the application of these tests would save a great deal of money, would save a great deal of space, and would send a lot of people out into the world to earn an honest living.

We have, whether we like it or not, a new society and a new world, and the first problem is how are we going to survive? We can't hope to solve the problem by plans for bigger and bigger megabangs. We have to solve it by the use of intelligence and imagination, and the notion that the universities have no contribution except to keep young people off the labour market until we are ready to have them go to work means the universities will make no contribution except in the matter of the size of the megabang.

The universities of the United States have established one thing beyond cavil. That is that they certainly can produce weapons of war.

The second problem the new society and the new world confront us with is how can we make this new society free and just. We can't hope to solve this problem by the operations of the invisible hand in which Adam Smith placed his reliance. We can't hope that the by-product of the colleges, of the centres of power, will always be happy.

I will venture one broad generalization: there is no economic theory, no political theory, no theory of society, no theory of international relations we have at present that will explain and account for the fact of contemporary life. Therefore, if we are going to establish guides for contemporary life, we are going to have to think, and the universities should lead us in doing it.

The third problem of the new society and the new world is what are we going to do with ourselves if we do survive? One prediction can be confidently made:—that is, there is going to be a steady decline in the hours of labour. In the United States the hours of labour have declined one-third. We don't know what to do with ourselves now. It appears to me there is only one solution for this as far as the individual is concerned. Only the man who has grown accustomed to the use of his mind can solve the problem of what to do with himself. So it appears that the concentration of the universities on becoming centres of independent thought is required if we are to live satisfactory lives as individuals, or even if we are to preserve and develop our society.

In the face of the problems of a new world and a new society, what we have to have is great centres of independent thought and on this continent we look with hope and confidence to the University of Toronto.

THANKS OF THE MEETING were expressed by Mr. Lawson, the President of the Empire Club.

"NEWFOUNDLAND"

An Address by

THE HONOURABLE JOSEPH R. SMALLWOOD
Premier of Newfoundland

Thursday, November 19th, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: The second meeting of the Empire Club of Canada was held on December 10, 1903. On that occasion the speaker was Mr. J. M. Clark, K.C. His subject was "Newfoundland", though he managed to phrase it in six words instead of one. His thesis was that Newfoundland and Canada should unite, but nearly half a century was to elapse before this union actually took place. It might never have done so but for the man who sits by my right side today. How appropriate it is, that, when he speaks to continental Canadians about the subject that is closest to his heart, the one word "Newfoundland", he should choose to do so under the auspices of the Empire Club! It is doubtful if modern history records a parallel to Joseph Smallwood's remarkable achievement, for rarely is it within the power of one man to change the course of an entire nation. Others had tried and failed to bring the historic island colony of Newfoundland into confederation. He succeeded, and did so almost single-handedly.

Our guest was born fifty-nine years ago in Gambo on Bonavista Bay, the eldest of thirteen children. If you have heard he is against woodsmen, let me tell you that his father was a woodsman. If you have heard he is an enemy of labour, let me tell you that he has devoted much of his life to the cause of organized labour. He it was who organized the fishermen's unions and who set up the first fishermen's co-operative. And much more he has done for the people of Newfoundland, which time does not permit me to recount. After confederation he became the Province's first premier, to date the only premier it has ever had.

Always controversial, never lukewarm but an undefatigable fighter for any cause he believed to be just, he recently broke the strike of the International Woodworkers of America, a union he considered to be foreign-dominated and inimical to the real interests of the workers. Now he is at odds with the Federal Government over the observance of Term 39 of the Terms of the Union with Canada and other matters. As members of the Empire Club of Canada we do not take sides on these grave issues but we all admire a man of courage who fights for the right as it is given to him to see it. So we salute this indomitable man who last August took his case to the people, promised to quit public life if he lost, then gave up his own safe riding of Bonavista and contested the Progressive Conservative stronghold of St. John's West against the leader of the opposition where he won an overwhelming vote of confidence for himself and for his government.

It is not with presumptuousness or discourtesy, but rather as a sincere tribute from his host of admirers, that I introduce the Premier of Newfoundland by the name he has made famous throughout this land, and by which we know him best, Joey Smallwood!

THE HON. JOSEPH R. SMALLWOOD: First, may I say that I feel especially honoured today to be here in the presence of no fewer than four of our fellow Canadians who are winners of the great Victoria Cross. It is by far the largest number of winners of the Victoria Cross I have ever seen at one time in my life.

I thank the President for the great compliments. I blushed as he uttered them because I am completely unaccustomed to compliments from Toronto. The last public reference made to me in this great Province, this great Commonwealth of Ontario, was made the other day by the President of the Ontario Federation of Labour when he described me very succinctly as "a blot on the Liberal Party of Canada". I would imagine, however, that the Liberal Party could wish to have a few more blots in Canada today.

There was another reference to me by a great Canadian statesman, a member of the Government of Canada, a few days ago when, without naming me, he, in a rather subtle way—subtle because he did not name me—called me Fidel Castro, Junior.

Now, Gentlemen, that is carrying it too far. I understand that Mr. Castro is not married.

However, it seems that I am destined to be called by colourful names. When I launched the battle to become a Canadian, when I started shooting my way into Canada in Newfoundland, they said that I was a number of things—a Quisling, a traitor, Judas Iscariot—quite publicly, in the National Convention, because I believed in union with Canada. I believed that it would be good for Newfoundland and good for Newfoundlanders, and good for Canada and Canadians if the two countries united in one. It was treachery to Newfoundland in the view of some of my fellow Newfoundlanders.

We are a Province now for something like ten years, going on eleven. I thought you might like to know the opinion of one Newfoundlander as to whether the thing has worked out, as to whether confederation with Canada has been good for Newfoundland and whether the people of Newfoundland agree that it has been good.

I, perhaps, am prejudiced. It would be a terrible thing, perhaps only unendurable humiliation for me, if having advocated the union rather prominently, that union were now to be a failure, if the people of Newfoundland were not happy to be Canadians, were not proud to belong to this great Canadian nation.

I am deeply proud to say that the union has been a happy one, that is a successful one. The great regret of all of us in Newfoundland, those of us who favoured union and those who did not, the great regret of us all now is that this union did not take place many years before it did, that Newfoundland lost the important benefits that union would have conferred upon her down through all those great years when we were paddling our own canoe, when we were a separate British Dominion of our own, a small one, a poor one, a proud one, an independent one, but a Dominion by ourselves, lying beside this much greater Dominion of Canada.

The union has been a success. The people are unquestionably better off. The people of Newfoundland, a half million of us, are better off in the standard of our private living and the public services of the province are better than they were ten years ago. On almost every count this union has been successful. Newfoundlanders are indeed very happy, unreservedly happy, to be Canadians and very proud to belong to this great nation.

I would, however, have you remember one important point that is frequently lost, that perhaps never has been understood by the people of what I sometimes call "Continental Canada". Canada did not take over Newfoundland. Canada did not absorb Newfoundland. It would be historically and constitutionally as correct to say that Newfoundland absorbed Canada or took her over as that Canada absorbed Newfoundland. It was not the absorption of one country by another.

Now, Newfoundland, you must know, is the original British colony, the original, the first, the initial of the British Empire. The laying of the very cornerstone of the Empire was in the Island of Newfoundland, in the city of St. John's. St. John's is the oldest continuously inhabited settlement of the Western Hemisphere. From the year 1498 St. John's has not continually, but continuously populated the oldest white man's settlement of the New World, and continuously British, the first of Britain's overseas, of Britain's most ancient and, we say, most loyal colony . . . the first place on earth where the British flag was planted outside the British Isles . . . the rendezvous of every seaman, of every Captain of every ship, of every adventurer that ever left Europe . . . for two whole centuries, the rendezvous of them all. Wherever they might be going, St. John's is where they came first. An ancient land, a proud people, Islanders, insular, cut off from the rest of the world, developing their own culture, their own way of life, their own viewpoint, their own outlook on life before Canada was ever even dreamed of, before New York was heard of, that old but ancient land, Newfoundland, and I assure you that it was no easy task for the people of Newfoundland to decide to abandon their ancient and honourable independence and identify themselves, become indentified with this great land of Canada.

Indeed, to complicate the matter further, there were living, as there are at this moment, in the United States of America, tens and hundreds of thousands of Newfoundland people. There is scarcely a family in Newfoundland today who hasn't at least one relative living in the United States, and there were the Americans during the war operating in Newfoundland, tens of thousands of American service men, spending hundreds of millions of dollars in the building of great bases, demonstrating in a most spectacular way the amount of America's wealth, the incalculable character of it, and there was a positive movement in Newfoundland that if she was to so abandon her independence, her isolation, her separateness, the thing to do was to link up in some way or other with the United States of America.

It was the underlying, fundamental loyalty of Newfoundland to the British Throne, the Union Jack, the Motherland, that kept us in line and gave me the most powerful argument we could possibly have that union with Canada was British union, union with Canada did not mean taking down our flag and running up a new one, or swearing allegiance to another throne, or swearing allegiance to another country. We could unite with Canada and remain British. We would become Canadians and still be subjects of the King or Queen. It was not absorption. It was two countries meeting to decide whether or not it was practical, and also if there could be fair and equitable terms of a union of the two countries into one new country.

The first point I would have you be clear on in your mind is that the Canada that was born in 1834 was not the Canada born in 1949. In 1949 Canada consisted of nine provinces, lying beside her was the little Dominion of Newfoundland, Britain's old, proud colony, and on the action before the stroke of midnight, March 31, 1949, two separate countries, these two separate British Dominions, by terms agreed on in advance, united to form one new country, and the Canada that is now is a country with ten constituent parts where there were nine before.

We know that the old Canada, the Canada before March

31, 1949, was a very big Canada, a very rich Canada, a very powerful Canada, and that the Newfoundland that was a separate colony was a small island with a handful of people, a poor country, a poor people, poor but proud. But neither absorbed the other. We could never hope to be proud Canadians, to be happy Canadians, so long as we thought that the rest of our fellow Canadians across Continental Canada looked upon us as a crowd you had just taken over, that you had absorbed.

Now, since we became a Province of Canada, everything that has happened to us, practically, with few exceptions, with very few exceptions, practically everything that has happened to us has been good for us, and we have appreciated it and it is widely and generally understood.

I think sincerely, if you were to take a secret ballot vote in Newfoundland today, of all the people, as to whether they preferred to remain part of Canada or break away and be anything else you can think of:—independent British Dominion, independent British colony, part of Britain, part of Northern Ireland, part of the United States, anything you can think of . . . hold that on the one hand, and on the other continued status as one of the ten Canadian Provinces, I believe that the vote would be well over ninety-nine per cent in favour of the latter. I doubt, except for a few cranks, a few malcontents, a few crackpots (and we have a fair share of these in Newfoundland), I doubt if they would number . . . I doubt that more than a hundred in all of Newfoundland would vote against union with Canada.

Union, however, has brought us one or two things that are not good for us. One of these is the I.W.A., the International Woodworkers of America.

Gentlemen, I have myself organized half a dozen trade unions. I have organized a number of cooperative societies. I have been with politics for ten years. At about 47 or 48, I became a politician. Up to 45 or 46 years of age I was an executive trade union organizer, a cooperative organizer among primary producers. My sympathies have always been, I hope always will be, on the side of the ordinary people, the common people, as Abraham Lincoln called them, the people God must have loved so much, He made so many of them.

But the I.W.A. is the barracuda of the trade unions of Canada . . . a savage shark of a union . . . able, extremely able, extremely clever, with enormous ability and experience. They can do a better job of brainwashing than anybody, and they are absolutely unscrupulous.

They went into Newfoundland. No one, in or out of the Government, said a solitary word to them for nearly three years. They organized and carried on all the ordinary activities of the trade union and they did it with superabundant ability and success. They called a strike and they were right up to the moment they called the strike. They had done nothing wrong, nothing unlawful, at any rate until they called the strike, and for some short time after they called the strike. Then they made the mistake of their lives, the mistake that means that no one here today will live long enough to see the I.W.A. get a foothold in Newfoundland again.

The mistake they made was to challenge law and order. Now, that is not a very dramatic thing to do in Ontario. It is done, so I am told, almost every time there is a strike . . . maybe not every time, but very frequently. Strikes are conducted up and down this continent to the accompaniment of violence, frequently of bloodshed, so much so that that has come to be accepted as part of life itself. But not in Newfoundland.

On that last January morning, at four o'clock, at ten below zero, in a snow storm, three hundred Newfoundland loggers were led ten miles through the snow to two logging camps, occupied by other Newfoundland loggers, and these three hundred men at four o'clock in the morning, attacked these two camps as though they were three hundred British troops attacking by stealth an encampment of German troops, as though they were foreigners to each other and with brutal violence, brutal force, attacked and beat them up and put them out into the snow and drove them before them. One man tramped ten miles in his bare feet, and they wouldn't allow them time even to put on their boots . . . that happened and constituted the first incident in the history of the labour movement in Newfoundland.

Bloody, wicked violence! Something broke inside me and I said, "I don't want to be Premier of Newfoundland, I don't want to be in the Government of Newfoundland, I don't want to be in the Legislature of Newfoundland, I don't want to be in Newfoundland if this kind of bloody violence against Newfoundland can be carried out with impunity, if they can get away with it.

So we put our hand to the task of smashing and we smashed it. We smashed it. If we had not smashed it the I.W.A. would have succeeded. The strike would have been a great success and they would have established in Newfoundland, they would have created, they would have invited, they would have initiated, because it had never existed before, a new pattern in labour matters, the pattern being that the way to handle labour relations was by the blitzkrieg, the Hitler method . . . don't pussyfoot, don't fool about, whatever you have got, throw it all in and argue about it after. Hit with everything you've got. That pattern would have become the pattern of labour relations in Newfoundland. The I.W.A. would have become the tutors of the labour movement. They would have enjoyed enormous prestige in Newfoundland. The whole of the hundred and twenty trade unions in Newfoundland would have looked up with respect and awe to the I.W.A. and it would have become overnight the leader of the whole labour movement of Newfoundland and they from then on, instead of directing dozens from the mainland of Canada under assumed names, surreptitiously brain-washing men in midnight meetings in the camps, they could have come in quite boldly and Newfoundland would have fallen just as some other parts of Canada already have done, to this union gangsterism.

Newfoundland! I thank God for all her faults, and she has many. With all her faults, all her weaknesses, Newfoundland to this moment is cleansed of that violence and will stay so. They may refer to the I.L.O., they may refer to the United Nations, but while we are a British colony, now a Canadian Province, while the Union Jack flies over us, we will give them their answer, and they will get it every time .

Now, there have been some differences of opinion between Ottawa and St. John's. I am too proud of the fact that I am Canadian, and too happy over the result of union of these two countries into one new country, to desire to say a single syllable that will prejudice the very unity in Canada for which I believe your Club stands and for which in my heart I stand very thoroughly indeed. But there is a difference of opinion when these two countries approach each other.

I am the author of the resolution which was introduced into the National Convention, that the Government of Canada be asked if they would receive a delegation from Newfoundland to meet a delegation of the Canadian Government to consider whether fair and equitable terms of a union of the two countries might exist. I led the debate and we were smashed. I reintroduced it when it was carried and I was on the delegation. I helped write the terms of the union. For three months we sat in Ottawa, negotiating and writing those terms. We came back for three months again and we negotiated and finally agreed and signed the terms that are now the terms of the union of the two countries.

These terms, Gentlemen, are not just the sort of thing that a couple of businessmen might draw up between themselves, or that their lawyer might draw up as a contract. That would be sacred enough. These terms having been signed by the seven from Newfoundland, and signed by the seven Ministers of the Government of Canada, were then ratified by the Parliament of the United Kingdom. They are in the bill that was introduced and became law. They were then ratified by the Parliament of Canada and then ratified by the Legislature, as it was at that time, of Newfoundland, and today form part of the British North America Act. . . . Term 29 of the terms of union of the B.N.A. Act, and we think, and we like to think, and we think we have a right to think, that all of these terms are sacred. They are part of the B.N.A. Act, and that, although the Parliament of Canada, constitutionally, has the right to change them, to change the intent, to change the meaning, it has the constitutional right, it hasn't got the moral right to do it unilaterally. If they can change any one term of the terms of union, can they not change any other, and if they can do it in the terms whereby Newfoundland became a Province, unilaterally, without consulting Newfoundland, can they not equally do it in respect to the terms under which other provinces became a part of Canada?

Now, we are hurt by it and we are puzzled . . . hurt and puzzled. Newfoundland wants many things . . . far more than they are ever going to get. What we want in the matter of Term 29 is simplicity itself, and I think modest. We want Term 29 to continue, not to expire. There was never any suggestion that it would expire. It doesn't contain within its own wording any suggestion explicit or inexplicit, that it will ever expire. We want it to continue, to continue to be part of the Constitution. We never would have signed it, otherwise. I wouldn't have, nor would any one of the Newfoundlanders. One Newfoundlander refused to sign, you may remember—Mr. Crossman—but the six of us signed. One went home refusing to sign. Of those who signed not one would have signed . . . they couldn't have signed . . . if there hadn't been the terms that provided financial assistance to Newfoundland. We couldn't have signed it if we had the slightest inkling that some government in Canada unilaterally, without consulting us at all, would calmly terminate, fix a date and say: "We will honour this and carry it out only until a certain date, and we will fix the date." Newfoundland wouldn't have been a Province today.

Now, we want our Prime Minister . . . and he is our Prime Minister . . . he is my Prime Minister . . . there is only one for all us Canadians . . . there is only one Government of Canada, only one Prime Minister of Canada . . . we want our Prime Minister. . . . I hope we won't always have a Prime Minister who will be just one party, but the Prime Minister of Canada, of whatever party, is our Prime Minister and Newfoundlanders, all Newfoundlanders, look to him with respect and we want to continue our respect.

I feel here in this great Imperial City of Toronto, that this is the place to say to the Prime Minister that we half million Newfoundlanders, living in Newfoundland, and we quarter million Newfoundlanders living in Continental Canada . . . and a fair share are in this room today . . . we Newfoundlanders want to bury this issue. We can never be happy, completely happy, while this issue divides us. We don't want to be divided. We want, we Newfoundlanders, to be like you people in Ontario and all the other provinces of Canada. We want to have our differences of the ordinary kind and the ordinary types. Goodness knows there are lots of differences. We want to share with you in the right to differ, but we want the differences to be about matters of ordinary life, not a fundamental matter, not a matter that touches the very life of the union itself, the very nature of the union of Newfoundland and Canada. We don't want to differ on that. We want to bury that issue. If we can't bury it we have no choice but to keep it alive until all the people of Canada will say: "Here, whatever are the rights and wrongs of this thing, here is the small province, the ancient and proud province that has thrown in her lot with Canada, united with Canada . . . we don't want that unhappiness, we don't want a continuation of this bad feeling."

Now, I want nothing in this life so much as I want a settlement of this question. I want to have it buried forever, for all time, and when that happens I can tell you here today, I will feel that my work as a politician is done, and I will be able to live up to the ambition I have expressed widely in Newfoundland. I tell you now, every wish I have in life, other than the settlement of this controversy so we can be unreservedly happy as Canadians, my only ambition is to retire from this life and go back to my old job of writing. All my life I have been a trade union organizer, then a writer. . . . I have written six books and millions of words as a newspaper reporter. I love the work, I want to go back to it. I have some books in me that I think ought to come out. . . I can't do it while Term 29 hangs around.

I am deeply grateful for your kindness in inviting me here, your patience in hearing me.

In conclusion, may I say that I do not ask you or any of my fellow Canadians in Canada for anything for Newfoundland that isn't in the bargain, that isn't in the terms of union. We don't ask for anything queer or strange or unusual or exceptional. We ask only that the terms be fully observed, be fully respected, that it be not butchered, that it be not murdered, not have its life crushed out, and that

Term 29 live as it was meant to live, that it continue to be part of the terms, the most important part of the terms that brought Newfoundland so happily into this great Canadian union.

THANKS OF THE MEETING were expressed by the Honourable Salter Hayden, Q.C.

“CANADA IN WORLD AFFAIRS”

An Address by

THE HONOURABLE HOWARD GREEN, M.P.
Secretary of State for External Affairs

Joint Meeting with the Canadian Club of Toronto

Thursday, November 26th, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: I hold in my hand a copy of an Empire Club year book. Its date is unimportant, for year after year we have included in a foreword an excerpt from the minutes of the organizational meeting of the Club. It reads in part, “The Chairman in a brief speech” (and it is gratifying to know that the Chairman of our Club had the good sense to speak briefly even in those Victorian days when the art of public speaking was in flower) “pointed to the desirability of an organization, following the plan of weekly luncheons, to be addressed by prominent men, or men speaking with authority upon the issues of the day, and having also a distinctive basis of British Unity in its work and policy.”

While not having precisely the same object, the Canadian Club of Toronto performs a parallel and most happily compatible service; in fact the old Toronto Globe pointed out as early as 1903 that there was plenty of room for both the Empire and Canadian Clubs.

My reason for bringing up all this past history is simply to point out that our two Clubs have never before carried out their basic function more effectively than we do today, when we welcome as our guest of honour Canada’s Secretary of State for External Affairs, a man whom Blair Fraser recently described as having "a deep emotional attachment to 'the British Empire' (as he continued to call it long after 'Commonwealth' had become fashionable even in Conservative circles)."

Our speaker was born in Kaslo, B. C., in 1895, graduated from the University of Toronto in 1915, then joined the 54th Kootenay Battalion as a second lieutenant and served overseas (where it is recorded that his men grumbled about his parsimoniousness with the rum rations), returned as a staff captain, graduated from Osgoode Hall in 1920 and was called to the bar in British Columbia in 1922. He was first elected to Parliament in 1935 and has never since lost an election. In 1957 he was appointed Minister of Public Works and Acting Minister of Defence Production. In June of this year he was appointed Minister of External Affairs. In addition, for the last three sessions he has served as House Leader.

The new Minister is known above all as a man of unswerving integrity. It is said that in twenty-four years of public life he has not been known to say anything he didn't believe or do anything he didn't think right. A colleague has called him a lone pine because he stands by himself and doesn't bend no matter how hard the wind blows.

Our subject today is "Canada in World Affairs". It is a privilege to present to you a lone Canadian pine, the Secretary of State for External Affairs, the Honourable Howard Green, M.P.

MR. GREEN: One month ago today the Department of External Affairs held a conference in Paris of the heads of the twenty-nine Canadian diplomatic missions in Europe and the Middle East. It lasted four days and we had an intensive discussion of various problems arising in those areas of direct concern to Canada and also problems of general international concern today. In other parts of the world are twenty-two more Canadian diplomatic missions, making a total of fifty-one. I mention these figures only to illustrate what many Canadians may not know—that Canada is not far behind the major world powers in the extent of her diplomatic effort.

In each one of these missions carefully selected Canadians are constantly conferring with government, business and other leaders in a variety of fields, keeping in regular contact with the Department in Ottawa—and in short—making it possible for Canada to play a *very important part* in world affairs.

Make no mistake about it—that part *is* important. In fact, for no nation is there a greater challenge in world affairs or a greater opportunity for leadership than there is for our own Canada. We can perhaps give finer leadership than any other nation. Now why do I say that? Let me sketch for you a few pictures.

1. Our Ties with the United Kingdom and France

We have inherited from our British and French forbears traditions of justice, constitutional government and of individual liberty. Perhaps we should pause more often to count the blessings which have come down to us so easily from the two great races from which we have sprung. I believe, too, that the very necessity of having had to make two cultures and two languages live and grow in harmony together has endowed us with qualities of tolerance and understanding which have great relevance to our attitude in international affairs today. I might add that our national fabric has been tremendously strengthened by peoples from many other lands as well—all of whom came here with a deeply ingrained love of freedom and with determination and initiative to succeed in the new world.

On my recent visit to France and Britain, it was perfectly obvious that the leaders of those two great countries were receiving me as a member of the family and not as a stranger. We must never under-estimate the valuable asset we have in this easy and intimate relationship with two of the great world powers, from both of whom Canadian views will always receive the utmost attention.

Although we think and speak of them as "the old countries", I can assure you that they are young and new countries in their political and economic outlook. Both are enjoying an unprecedented prosperity, so well deserved after the sacrifices of two world wars. Both are engaged in exciting and enlightened new political experiments in relation to their former colonial territories; the French, under the courageous and imaginative leadership of President de Gaulle, have founded a French community which bids fair to emulate the Commonwealth as a free and equal association of nations. To you who value so highly bonds of affection with the United Kingdom and possess loyalties which have meant so much in Canadian history, I do not need to elaborate on the far-sighted policy the United Kingdom Government is following in guiding its colonies into self-government and independence. This brings me to my second picture.

2. Our Membership in the Commonwealth

We in Canada are sharing in this political evolution which has produced the Commonwealth of Nations. This is another association contributing to Canada's international strength today. Our Commonwealth is an association for which we have a deep sentimental attachment reinforced by the comradeship and common sacrifices made in two world wars. I, for one, never for a moment discount the value, in international affairs, of the very special fraternal quality that sets Commonwealth relations apart from the relationships with "foreign" countries, however close and friendly the ties with any such country may be.

But, of course, there is far more to this unique fraternity than mere sentiment. The Commonwealth is an entirely new concept embracing the belief that sovereignty, limited by a voluntary association with other sovereignties for the preservation of common values, is an acceptable, satisfying and civilized political order. It is, moreover, a dynamic concept with members being constantly admitted as they emerge from colonial to independent status. In 1957 we welcomed into the Commonwealth the Federation of Malaya. Next year will see Nigeria take her place in our family of nations, and Canada will shortly be opening a diplomatic post in the capital, Lagos. Shortly thereafter our island neighbours in the Caribbean—the West Indies Federation—will be joining the club, and it has been one of Canada's policies to extend substantial aid and assistance to this potential full Commonwealth member.

The fact that these new nations are voluntarily joining the Commonwealth, graphically illustrates the kind of multi-racial community which is developing, bound together by common ideals and institutions, and exercising a profound influence for good throughout the world. I belive the Commonwealth offers a lesson for the world in that it points the way towards the only tolerable solution of the basic dilemma of our time—the problem of achieving order with freedom.

There are lessons, too, for others in the way in which there is mutual assistance within the Commonwealth for improving the lot of the less-developed members. The greater part of Canadian assistance has been carried out under the Colombo Plan, to which we have this year raised our contribution to $50 million. The full title of this Plan is "The Colombo Plan for Co-operative Economic Development in South and South-East Asia", and the word "co-operative" has been consistently stressed in the ten years of the Plan's operation. Working together there has been established a very fine relationship among the member-countries of the Plan and the Plan lives up to its title.

Canada has found a large number of projects where Canadians and Asians have worked harmoniously together, have learned from one another and together have made an effective contribution to the development of a particular country. Canadian experts sent to Asia and the Asian student trainees who have come to Canada in a two-way stream of traffic have enriched and broadened our understanding of one another.

3. Then to my Third Picture, the United States

Nearer home, we have a third source of international strength in our unique relationship with our large and friendly neighbour to the south, the United States. I say unique because here again we tend to take for granted the deep understanding and friendship which permeates the daily relations of our two countries. We have, of course, much in common through having developed, albeit in our separate ways, from common origins in a shared physical environment. But it is more than a common history and more than the mere fact that destiny has decreed that we occupy one half a continent that renders the Canadian-

American relationship unique. I venture to say that there are few neighbouring states in the world between which ordinary day-to-day life is so completely intertwined. There are few families in Canada which do not have relatives living somewhere in the United States. Many of our clubs and other societies straddle the border, we read the same magazines, listen to the same radio programmes, watch the same movies, and, for better or for worse, are exposed to the same quiz programmes. Commercially we are each other's best customers. Between no two other nations is there such a free interchange of ideas and products.

These intimate contacts at the citizen level are matched by a network of inter-governmental arrangements more complex than between any other two nations. In the realm of defence, we have the Permanent Joint Board, established in 1940; and, of course, NORAD, the jointly operated air defence command responsible for the air defence of the continent as a whole. For boundary questions, we have the International Joint Commission which, I believe, is an example to the world of how trans-boundary resources can be dealt with in a civilized and equitable way. Supplementing these formal arrangements are the inter-parliamentary groups which find members of the Canadian Parliament and of the United States' Congress meeting annually or oftener to exchange ideas to the common benefit of both legislatures. At the ministerial level there are two standing committees, one on trade and economic matters and the other on defence. Less than three weeks ago, my colleagues the Ministers of Finance, Defence and Defence Production and I attended a meeting of the Canada-United States Defence Committee at Camp David at which we not only discussed frankly problems of bilateral defence concern, but also exchanged views on the broad range of international problems facing the world today.

Now I am not going to pretend that we never have any differences of opinion with our southern neighbours; we do, and these differences invariably get free play in the press of both countries. It is inevitable that the impact of a large population such as that of the United States on her much less thickly populated neighbour is profound, and that we cannot afford to be complacent if we wish to preserve our separate identity as a nation. It is the Government's policy to speak up frankly when Canadian national interests are suffering as a consequence of United States policies. I would stress the word "frankly" but hasten to add that we get as good as we give. This is the way friends face and overcome their differences—and I am sure you would have it no other way.

4. Canada and Latin America

As we survey Canada's role in world affairs, we should never neglect the close friendship we enjoy with the other nations of the Western Hemisphere—the twenty Latin American nations to our south. Like ourselves, they are determined to be independent and to reach their own decisions in international affairs. Several, like us, are middle powers, and, like us, are exerting growing influence in the councils of the world. I have found co-operation with Latin American countries such as Mexico, Brazil and Argentina —to name only a few—both natural and useful in the United Nations, and I look forward to an intensification of Canadian trade and political relations with all Latin American states. I believe that many of you here today, with your far-reaching business connections, have much to contribute towards this objective.

5. Our Participation in the North Atlantic Treaty Organization

The fifth sketch I would draw for you is of Canada's partnership with 14 other like-minded nations in the North Atlantic Treaty Organization. One of the principles underlying the North Atlantic Alliance is that no state, however powerful, can guarantee its security in the nuclear age by national action alone. Since its inception in 1949, NATO has brought to all its members—large, medium and small—a measure of security and purpose in the face of a serious Soviet military challenge. The Treaty binds its fifteen member states together for the defence of North America and Europe, and it is in recognition of the fact that the defence of the two continents is indissolubly linked, that Canada has maintained a fully equipped air division and brigade of ground forces in Europe, notwithstanding heavy defence commitments at home in North America.

Today NATO endows us with a sense of mutual confidence and responsibility for the vital East-West negotiations lying ahead which no member, by itself, could have attained. That spirit of interdependence can be maintained and enhanced, however, only if the fullest advantage is taken of the opportunities for consultation which the NATO Council offers on matters which significantly affect the Alliance as a whole or its members. That is not to say that all NATO countries must speak with one voice on all questions. That would be impossible and indeed undesirable in an alliance of equals, for it is this very independence of thought and expression which distinguishes NATO from the Warsaw Pact.

It does, however, mean that by discussion of vital questions in advance of action by member states, such action may be taken in the light of and with a full appreciation of the viewpoint of other members, be they great or small powers. I believe this concept of consultation to be of the utmost significance in relation to the forth-coming East-West negotiations which, by the limited participation which is possible at such talks, will find some members of the western team doing the negotiating and others on the sidelines. For this reason Canada has urged that western negotiating powers must keep the Council in their confidence in the preparation of a pre-summit negotiating position. It is for the same reason that we have urged—and succesfully—that the forthcoming NATO Ministerial Meeting in December should be so arranged as to both precede and follow the Western Summit Meeting between the United Kingdom, United States and France, in consultation with West Germany. This will help to make the NATO Council "the laboratory of the West" in the formulation of western policies. It is here, too, that Canada will take advantage of the opportunity of having her voice heard in the preparations for summit meetings—of which there may well be a series.

6. Our Role in the United Nations

My sixth picture covers a wider canvas—in a sense as wide as the world itself—since it is of our role in the world organization, the United Nations. That organization since its inception has received strong and consistent support from Canada. Certainly the United Nations is not unlimited in its effectiveness and its authority is growing only with painful slowness; but I would remind you that these very limitations arise from the sovereign equality of the member states and from the tensions which prevail in a world divided into ideological camps.

Although it would be unrealistic to believe that the United Nations could achieve solutions to all current international problems, it is equally true that, if the organization should collapse, the world community would have no alternative but to erect a new similar organization in its place. It symbolizes and gives practical effect to mankind's desire for an ordered world and a betterment of international relations and human welfare generally. Without it there would be suspicion, hostility and probably chaos. Canada values highly the obligation and opportunity which United Nations member states have to consult together at regular intervals and to negotiate within the framework of a common objective—world peeace.

Indeed, it is in the United Nations that Canada enjoys one of its greatest opportunities to offer constructive leadership. I have been impressed by the respect we enjoy in that forum as a disinterested middle power. The reasons are not difficult to find; no one fears us because we are without territorial ambitions; no one harbours resentment towards us since we have never held sovereign control of an alien people; no one suspects us of coveting his national resources as we are known to have plenty of our own. We have many close friends through the associations which I have been sketching in my preceding five pictures, and have earned others by gaining a reputation for independent thought and objective judgment on issues that come before the United Nations. We border on three oceans and have an acknowledged interest in the affairs of all continents of the world; notwithstanding a top-notch fighting record in two world wars, we are accepted by all as a peace-loving nation. We have won friends by lending generous assistance to less-developed nations both through bilateral aid programmes and through multilateral ones under the United Nations auspices. Even the communist states seem to regard us with less suspicion than they do most western nations.

I might mention some aspects of Canadian participation in United Nations' undertakings which have been occupying our attention at the current session of the General Assembly in New York. The Canadian initiative which has perhaps attracted the most attention has been our proposal, eventually co-sponsored by ten other powers and unanimously endorsed by the Assembly membership, to encourage the world-wide collection and central collation of more accurate information on radiation. We took this initiative in the knowledge that even if nations agree to stop testing nuclear weapons, the problem of radiation will not vanish. It seems imperative that the substantial gaps which exist in our knowledge of this frightening phenomenon should be filled and that research into the biological effects of radiation should be based upon the fullest and most reliable information possible. I was greatly heartened by the enthusiasm with which the Canadian people greated our initiative and by the complete support it received in the United Nations.

In other and perhaps less spectacular matters the Canadian delegation has also been active. During the past year Canada has been a member of the Outer Space Committee, in which useful work in the technical and legal spheres was accomplished. However, the Soviet Union declined to participate because of the make-up of the committee. If the committee is to succeed the Soviet Union must take part and accordingly some change in the composition of the committee is necessary. The Canadian delegation has been applying itself to this problem and, of course, stands ready to participate fully in the committee's work when its new composition is agreed upon.

We have also continued our humanitarian contributions to the several United Nations' programmes for refugees and taken a lead, which we hope other nations will follow. in marking World Refugee Year with a special Canadian project for the admission to Canada of 100 tuberculous refugees and their families. In this endeavour the Federal Government has had the welcome support of most Provincial Governments and whole heartedly endorses the National Committee for World Refugee Year, shortly to launch its campaign here in Toronto.

Towards United Nations' efforts at peace-keeping and peace supervision, Canada continues to make a contribution in which, I think, we all can take pride. Our suport for the United Nations' Emergency Force in the Middle East continues undiminished and I believe it is true to say that we have contributed more manpower to various United Nations' observation groups—for example, in Palestine, Kashmir and Lebanon—than any other single nation. In consequence, we have developed in Canada a very large corps of both civil and military observers highly experienced in this specialized type of work. Although we do not believe that a standing United Nations' force in being is a practicable possibility today, we do maintain in Canada a battalion ear-marked for service with the United Nations should the necessity arise.

Through our membership in the Security Council, we have played an active and constructive part in the Laotian crisis and are gratified that our preference for the establishment of some form of continuing United Nations' representation in that disturbed country has already been in part realized (thanks to the courageous efforts of Mr. Hammarskjold, the United Nations' Secretary-General).

7. Membership in the Ten-Power Disarmament Committee

Related to Canada's United Nations work, but nevertheless to be pursued in an outside forum, is the important part Canada is to play as a member of the new disarmament committee. We have accepted the invitation of the United States, United Kingdom, France and the Soviet Union to participate in the work of this ten-power disarmament negotiating committee—the other four western members being the United States, the United Kingdom, France and Italy. The activities of this committee, which will, we hope, commence early in the new year, are intended not to replace but to supplement the responsibility of the United Nations in the field of disarmament. We shall at all times bear in mind that disarmament is a matter which deeply concerns great, middle and small powers alike.

Disarmament is a subject of special significance to Canada. Geographically we lie between the two nuclear superpowers; we are, in a sense, the ham in the sandwich—and have no desire to be "minced". Continued tension heightens the peril in which our geography places us and gives us special reason to spare no effort to bring about a lessening of world tensions. We welcome the improved atmosphere which has resulted from the visits of Prime Minister Macmillan to Moscow and Premier Khrushchev to the United States and we look forward to the further progress in this dircetion which may well result from the Soviet Leader's visit to Paris and President Eisenhower's return visit to Moscow. Canada believes that the present situation offers a new opportunity for progress in the field of disarmament and she intends to press towards that objective through her participation in the ten-power committee.

* * *

These are the seven pictures—our ties with the United Kingdom and France, our membership in the Commonwealth, our relations with the United States, our friendship with Latin America, partnership in NATO, our role in the United Nations and finally our membership in the ten-power disarmament committee. Others might be added but from these seven you will understand why I said in opening that Canada faces a great challenge in world affairs.

Add Canada's good record generally, her growing economic strength and the courage, common sense and God-fearing character of her people and you will agree with me that we can give leadership in the finest sense of the word.

Whether Canada does or does not will depend largely on the leadership given in the various Canadian communities. Each one of you here today is a leader—all in Toronto, some from coast to coast. I am confident that the members of the Empire Club and Canadian Club of this city will do their full share to help Canada meet the challenge which faces her in world affairs.

THANKS OF THE MEETING were expressed by Mr. John C. Proctor.

"THE COMMONWEALTH PARLIAMENTARY ASSOCIATION"

An Address by

THE HONOURABLE DUFF ROBLIN
Premier of Manitoba

Thursday, December 3rd, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Senator John F. Kennedy has written a book entitled "Profiles in Courage". Thomas Carlyle wrote one called "Heroes and the Heroic in History", and much more has been written on this subject which time does not permit us to consider today. I would, however, add one more brief chapter to these tales of victory in lost causes and against overwhelming odds.

You might say that our Guest of Honour was born to leadership and with politics in his veins, for his grandfather, Sir Edmond P. Roblin, was Premier of Manitoba for the first fifteen years of this century. But the Conservatives had been out of office ever since his Government was defeated in 1915, and by 1954 they could claim only twelve seats in a House of fifty-seven. They were considered as dead as the proverbial dodos. It was at this nadir in the affairs of the party that Sir Edmond's grandson was elected its leader and resigned from all his business interests to give his full time to the seemingly impossible challenge that faced him. He was then 37 years of age.

The rest of the story is more recent and more familiar. In the general election of June 16, 1958, the Progressive Conservative Party obtained a plurality and one week later Mr. Robin was sworn in as Premier of Manitoba, the youngest provincial premier in Canada. A further election was called for May 14, 1959 and the Government then obtained a decisive mandate from the people.

Our guest was born and educated in Winnipeg. In 1939 he enlisted as a private in the army and saw service in France, Holland, Belgium, Denmark and Germany. He emerged from the war as a Wing Commander in the RCAF and was subsequently active in the Canadian Legion. He was first elected to the Legislature in 1949 and has never been defeated.

When Premier Khrushchov visited the United States he made his appearance more auspicious by first sending a rocket to the moon. In the same way, when coming to Toronto, Premier Roblin first dispatched his invincible Blue Bombers. Today, to speak to us on the Commonwealth Parliamentary Association, I introduce to you the greatest Manitoba, the Hon. Charles Dufferin Roblin.

THE HON. DUFF ROBLIN: For those of you whose eyesight is something less than perfect, perhaps I should read the inscription on this button that I wear today on my lapel, which reads as follows: "Ask Us About Our Blue Bombers."

I think that is all I need to say on that topic, but of course, my first reaction in standing before you today, the first reaction of a guest of the Empire Club of Canada must be to return thanks for the courtesy of your invitation and for the warmth of your welcome this afternoon.

But after listening to the very full introduction that I have just received, I think there is one point in that subject matter which would bear comment, and that is with respect to my proficiency on the bagpipes, because I must confess to you that the life of a musician is not always the easiest.

You may have been at functions of this sort where the head table is led into the place of honour by a piper, dressed in his kilt, and playing some lilting Highland tune. Well, in times gone by I have been given that honour of piping the head table in, and I remember so well on one occasion when I thought I was doing particularly well. I had brought the head table in, got all in their places, and then, of course you know, the piper stops and the meeting begins, and in that little hush of silence after the music had died away, somebody in the audience said, quite distinctly, "Who is that dummy playing the bagpipes?"

The Chairman didn't think it amusing at all, because he pounded with his gavel on the table and said, "Gentlemen, this will not do. I demand an apology for that remark."

There was a desperate silence for a minute or two, then from the middle of the hall, somebody with a slightly Scottish accent spoke up, "I dinna ken who called the piper a dummy . . . what I want to know is who called that dummy a piper?"

My Friends, the Empire Club of Canada stands for something. This is a world of perhaps the most rapidly changing values that we have known on the international scene. Political allegiances and groupings among the nations, formations and forces, the balance of international power shifts all about, but you, in this organization, stand firm in a belief, in a belief that the Empire or the British Commonwealth or the Commonwealth of Nations, by whatever name you may choose to call it, is a form of human and of international association which, despite the external changes of a truly revolutionary nature of the last few years, still stands as a creation of the human spirit that is unique, that is real, that is persisting and that is full of a profound hope for men everywhere.

I, for one, believe that you are right in that belief. When I went to school we were taught about three British Empires. We were taught about the one that collapsed under the impact of that all too successful revolt of the American Colonies.

Then there was the second one which perhaps we referred to as the Imperial Age of colonies and conquest, from George III to Edward VII.

Then the third one of my youth which is characterized by the development of Dominion status and the promulgation of the Statute of Westminster.

But now we have moved into a fourth stage, a fourth stage that has gone beyond any political device which has been known to history before . . . an era of a free and unfettered association between nations which were formerly colony and Motherland, conqueror and conquered, that comprises a variety of tongues and of religions and of cultures and of colours, that spans the five continents of the globe, and this association is as diverse and as different and as disparate as anything the world can show.

It is an association which by any process of logic or of reason or, indeed, of historical analogy, ought to be flying away, disintegrating like the moving stars in the expanding universe. Yet it is not so. Wonderful to relate, we are still members, one of another, still members of a rather mystical association which we call the Commonwealth of Nations, because who can explain that impulse that unites together countries like India and Ghana and Pakistan and Ceylon, the Federation of the West Indies and now the Federation of Malaya, the so-called white Dominions, and all the rest? This is a new phenomenon to history. I don't know who can explain the reason for it. It is certainly beyond the grasp of a man such as myself.

I have heard some say it is the British genius, whatever that might be, enshrined in a system of parliamentary government and constitutional authority. Perhaps that is so, but whatever it is that holds this Commonwealth together, I believe it is deeper and more penetrating than any written set of rules or constitution, and perhaps in the background of the unwritten British Constitution we can find the secret that we search. I would like to characterize it in the expression, "the gentlemen's agreement", or, as Gibbons said about two hundred years ago when he was trying to get into Parliament (I don't know whether successfully or unsuccessfully) expressing the same thought, saying he wanted to be a member of Parliament because Parliament is the best Club in London.

But I am bold to suggest that that rather frail and perishable and indefinable concept of a "gentlemen's agreement" describes perhaps as well as most phrases could, that real bond and strength in which the power of our Commonwealth lies.

And I had a chance to see it. I had a chance to see this peculiar institution work when I had the privilege of attending the Commonwealth Parliamentary Association meeting in Australia last November, representing my own Province, and by some strange circumstance, the Province of

Saskatchewan as well. I am proud of that fact because it may be the first and last time I may have the privilege of representing the Government of my friend, Tommy Douglas.

It was a surprise to me when I arrived in Australia, in spite of the briefings one gets in these matters, to find out that the representatives of some fifty-one parliaments and legislatures were members of the Commonwealth Parliamentary Association, and they came all the way from the Mother of Parliament itself and the Dominions with their experience in growth and development, to those newer legislatures and nations which are just on the threshold of that complete independence which they seek.

This organization of Commonwealth politicians meets together every two years. It does not meet to voice differences. It is not the kind of an organization that is devoted to the passing of resolutions. We do not engage in propaganda from any particular point of view, but in those meetings we are interested in that examination of one another's problems that leads from discussion through explanation to fellowship, which becomes the real cement of our understanding, and we learn that the Commonwealth is not just something from which we can get, but something by means of which we can do for one another, I think, as a Canadian, it is that last thought that surely must be the real key to our relationship with the Commonwealth today: What can we do for the other members of that association? We, who have so much.

The process of the meeting is a very simple one, indeed. For four weeks one hundred and thirty assorted parliamentary representatives live together, and travel together and talk together, touring the length and breadth of the great Australian Commonwealth, having an opportunity to see the wonderful things that can be put before you through the medium of that wonderful Australian hospitality, and it is only after that seasoning process, if I may call it that, it is only after this has been done that we meet together in formal convocation in the Parliament Chambers in Canberra, the Capital of Australia, where we have a final week of formal discussions of the items on our agenda.

You can understatnd after that process we meet, not just as the several representatives of our state, not just as a hundred and thirty jostling politicians, but we meet as men who are achieving a friendship, that has been developed through that travelling and living and seeing together that leads to that initial break-through of understanding and of association which is the difficult thing of all things to accomplish when men from east and west meet to discuss the problems of their nations and the world.

We met in a parliamentary style. The House of Representatives in Canberra was made available to us. Every day we devoted ourselves to the different topics, and I remember the great ones we discussed:—international affairs and defence, economic cooperation within the Commonwealth, and the problem of under-developed territories in the Commonwealth. The major nations would begin with their opening addresses and after that all the others would chime in. What an experience that surely is, to see men with every colour of skin:—yellow, white, brown and black—dressed in a variety of costumes which fascinate, and inflicting on one another English of the most exotic variety of accent, but united in one understanding of the traditions and customs and techniques of parliament.

I remember so well the speech of Robert Menzies, the Premier of Australia, speaking in simple, clear, Churchillian English, of the demands that statesmanship made on those who were responsible in matters of international affairs and defence, underlining that so important a fact, as the Frenchman said: "War is too important to be left to the Generals." He told us what we know of the present danger, that our foreign policy and views of war and peace should be bound to the chariot wheel of the military technique rather than that the military technique should become the handmaiden of policy; and the words of Lord Attlee, certainly a mellow and an elder statesman, in echoing what I thought Pericles told the Greeks two thousand years ago, that freedom is the sure possession of those alone who had the courage to defend it. He was followed, perhaps ironically in one sense, but naturally in another, by the Speaker of the Indian Chambers, wearing his Gandhi cap and homespun garment which are the uniform, I think, of a Congress politician, giving a frank and passionate exposition of the Indian policy of non-alignment between power blocs, yet in the very language of his speech stressing the full commitment to Western ideals of individual freedom and self-government which underlines the India of today.

I recall a man, a speaker of the Punjab, who charmed us by appearing every day in a turban in a new shade of pastel colour. He was a Sikh by religion. He told his life story, and of imprisonment by the British. . . . In fact, I think that is an essential qualification of any successful politician in India today, to have been in jail when the British were in charge . . . telling of that story of development, and after relating the struggle in his country and its relationship with the Imperial power, and winding up with a very moving expression, he said: "After and in spite of it all, we have chosen you"—meaning the members of our Commonwealth. He went on to say none is so welcome as an Englishman at present in India today, and of the tremendous feeling of obligation of his countrymen that their imperial masters have left behind them the legacy of a parliamentary system and of an impartial and impregnable justice.

How ironical to hear some new members, some of the newest and fanciest members of the Commonwealth being the firmest on Commonwealth solidarity, on those problems of defence and trade that vex the rest of us so much.

I remember a man from Nigeria, a Government whip, who told us the names of his fifty-eight brothers and sisters. He did not disclose the number of his father's wives—he did tell us that he only had one. But listening to that man speak of the coming independence of his country, Nigeria, he conveyed to us a sense of dignity, a feeling of realism and a spirit of self-reliance that was just as fresh as any breeze that blows over the Canadian prairies.

There were characters there whose memory one will treasure for a lifetime. The gentleman from Ghana, in his flowing robes and shining black skin, and that impeccable Oxford English that made the rest of us sound somewhat barbarian, when he recounted the progress and problems of his people; and our own Speaker, Roland Michener, leading the Canadian delegation and speaking with a grace and an eloquence that made us proud.

And we were there as representatives of every political party, a non-party group from both the Dominion and the Provinces. One could go on dealing with these personalities, but one thing stands out with me, and that is the unique position in which we Canadians found ourselves.

We found that on every hand we were liked, we were trusted. The people of India took pleasure in telling us how much our contribution through the Colombo Plan had meant to them in their efforts.

The Prime Minister of the West Indies emphasized it when he told of our contribution to their struggle to establish the federal system of government outside the Colombo Plan, and all of them thought of us as disinterested people, in the sense of being a nation that was without an ulterior motive in our contribution to the Commonwealth and those great efforts. I did not dare tell them that disinterest in these matters may sometimes have two meanings. It sometimes means one doesn't care and it seems to me we are in danger, perhaps, of falling into the latter rather than into the former, but the Colombo Plan and all that it means in our minds, struck one of the deep responses at this Conference on all sides, and that is really the note I want to strike here today.

We know the Colombo Plan includes other nations besides our Commonwealth friends, but it was a Commonwealth invention, and it seemed to me from our deliberations there that this was certainly one of the best and most tangible ways in which we could make a contribution to the growth of these nations and, indeed, to world peace itself.

We have done well since 1950. $282 million have gone into capital development under the Plan. Last year the contribution was $50 million, which is up a third over the previous year, I believe. We have made available $10 million outside the Plan to the Federation of the West Indies, mostly for transportation. Half a million dollars is going into the technical assistance program just agreed to.

I couldn't help but think of the words of Saint Andrew, when he took his part in the famous story of the five barley loaves and the two small fishes, when he said, "What are they among so many?" because since 1950 the population of the Colombo countries has gone up from 618 million to 686 million. If you are good at mental arithmetic, that is an increase of 68 million in less than ten years, and that is four times the population of this country.

It was clear from the discussions we had on the topic of technical assistance and under-developed nations, that a great deal of good had been done, but much more was needed.

I heard the Prime Minister of this country speaking last night, touching on this very point when he underlined to us the fact which we are going to become more and more familiar with as time goes by, that our Commonwealth of Nations, indeed all the countries of the free world, face a test and competition in the field of economy and social development such as we have never seen before, and we must realize that these newly self-governing nations of our Commonwealth are feeling acutely the rising strains of the normal human desires of their people for enough to eat and for shelter and clothing, let alone that speedy material progress that they see in the world around.

That is where we can help. That is where we have to do more than we have ever done—not the give-away, not the patronizing act or coddling, but to help those Commonwealth partners to help themselves. More than ever we must share, in particular, our reserve of ordinary common or garden know-how:—how to fix a tractor; the tricks of a modern farmer on the prairie; the techniques of the local government system; teacher training and nursing; the ordinary things . . . what I call technical education on about the secondary school level.

I suggest to you that we must do that where it is needed. Last year, or since the Colombo Plan began, I think we have taken in thirteen hundred students here in Canada. No doubt, that was very good, but I suggest we should give consideration to sending our teachers and schools to the middle of India or the centre of Nigeria where these people can learn in their own home surroundings, in their own environment and conditions where they must spend the rest of their lives, these simple and fundamental basic things in building a modern society.

Not only will we get the best results, but I think we will get the most for our money and it is after that has been done that we can move on to the problem of creating jobs of productive capacity, because as one Indian delegate said, no education is bad, but education without employment is worse.

We have been doing these things. We must do more. I suppose it is almost out of bounds for a provincial politician like myself to pass a comment on a federal concern, but it has seemed to me if we were to invest a small part of our national defence budget for this purpose of technical education we would reinforce the free world out of all proportion to the money spent, and we would certainly buy the people of this land if they can be bought, far more in the world of peace than many of the things that we are doing today.

But just so I shan't be accused of preaching in my neighbour's garden, so to speak, perhaps I might move a little closer to home and say it is not beyond the bounds of possibility that the provinces of this country should consider what they can do to help. Perhaps there is room for Manitoba and others to join together and establish a technical school in the Commonwealth countries and supply teachers, buildings and schools, so we can supply the elemental and necessary services at the point of action.

It is not our sphere, I suppose, but it seems to me if any of us can help to dramatize and underline the need for greater Canadian participation, it is a good thing, so we can help our Commonwealth friends become full members of our free society.

Well, the Commonwealth Parliamentary Association's meeting in Australia brought this home to me as one Canadian, as never before. Oh, yes, our Government must continue in NATO, the United Nations, and all that sort of thing, our basic, essential machinery of our international policies, but I think we as Canadians have an opportunity to share in a far more intimate nature with all our friends in the Commonwealth, because there we are engaged in one of the great adventures of the human spirit. It is here that we come closest to the hearts and minds of men, and here that charity in the ethical sense, outstrips calculation. It is here that those who give can learn to give humbly, and those who receive can learn to receive with dignity. It is here we have the great and, as yet, I believe, only half-realized opportunity and challenge for our country to strike a hard blow, and a shrewd blow, and a telling blow for the peace of the world and the development of our nation. Here in this Empire Club of Canada, you are one of the bearers of these great hopes, and I hope we will be able, all Canadians, to work together to make them come true.

THANKS OF THE MEETING were expressed by the immediate Past President, Lt.-Colonel Bruce J. Legge.

“THE FUTURE OF THE AIR INDUSTRY IN CANADA”

An Address by

THE HONOURABLE GEORGE H. HEES, M.P.
Minister of Transport

Thursday, December 10th, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Our subject is “The Future of the Air Industry in Canada”. We will hear something about this during the next half-hour, but it is interesting to note that, by changing the words of the subject around, we have an axiomatic statement on which we can all agree at the outset. “The future of Canada is—or depends on—the air industry.” It is a matter of great gratification to most of us, I am sure, that this sine qua non of our future as one of the great nations of the world is not to take the form of a government monopoly. For this we are indebted in a large measure to our Guest of Honour today.

Our speakers for the past three weeks have come from Newfoundland, British Columbia and Manitoba, in that order. Today, for a change, we welcome a native son, a home town boy who has made good. It is doubly gratifying, after being reminded last week that the Blue Bombers had won the Grey Cup for the second year in a row, to have with us a man who once played on a Grey Cup-winning Toronto Argonaut team—several years ago! We may well wonder how the course of history might have been changed, both in politics and in sports, had George Hees not retired from the Argonauts (who have not done too well since) and later accepted the Chairmanship of the National

Progressive Conservative Association (which is doing all right).

As things turned out he has been the federal member for Toronto-Broadview for the past nine years and the Minister of Transport for the past two. In this capacity he administers an annual budget of $250 million and heads a department with 15,000 employees, not counting the 120,000 in the C.N.R. and T.C.A. His vast sphere of influence and responsibility in Canadian affairs might be summed up by saying, "If it moves, it comes under George Hees." His interest in the air industry and his belief in competitive enterprise are well known, but on these matters I am going to let him speak for himself.

It is an honour to present the Minister of Transport, the Hon. George H. Hees.

MR. HEES: One might easily describe this 20th Century as the age of exaggeration, or the day of the superlative. More often than not, such exaggeration stems from habit, but in some instances it is an honest attempt to describe that which strains the user's imagination. The future of aviation in our country is a subject of the latter type, for here, certainly, one's imaginative faculties can be given free rein.

Looking back at the growth of air traffic in Canada within the past ten years, one can easily understand why prognosticators are so ready to admit the inadequacy of their forecasts. In that short period of time, we have seen domestic passenger traffic skyrocket from one million to nearly five million passengers a year, while international services will, this year, carry more than a million and a half people to or from Canada—an increase of five times the number carried ten years ago. In the same ten years, the cargo handled by Canadian carriers has increased from 50,000 tons to five times that volume today.

This tremendous increase in the past ten years has brought with it a wide variety of demands for things bigger and better. There has been the continuous demand for bigger and faster planes, bigger air terminals, and longer runways.

Early next year, the DC-8—a plane which can carry 160 passengers at a speed of close to 600 m.p.h.—will make its appearance on regular T.C.A. runs from Montreal to London, and from Toronto to Vancouver. C.P.A. will shortly follow with the same type of equipment.

The development of runways to cope with these planes has challenged the construction engineer. When he was told to plan runways for the DC-4, he had to think in terms of a bearing strength of 73,000 lbs., and take-off requirement of 5,000 feet. The slide rules are more extended these days! The DC-8 weighs 315,000 lbs., or more than 4 times as much, and requires a runway of 10,000 ft., or double that required by the DC-4. Runways of that standard have been built at nine of our airports, and more will be appearing soon.

Capital expenditures to provide the many, many facilities demanded by civil aviation have already passed the $400 million mark. A very significant part of the program has been devoted to airport terminal buildings, and activity there has reached its peak in the last three years. Within the next two years, the country will have an imposing line of terminals from coast to coast:

We have major new terminals already in use at Gander, Stephenville, Torbay, Quebec, Windsor and Saskatoon. Next year will see completion at Ottawa, Halifax, Montreal, and Regina. We expect to complete construction at Toronto, Winnipeg and Edmonton by 1964. No doubt you are particularly interested in Malton. Already, numerous airport authorities of other countries have shown a keen interest. Well they should, too, for the design of this terminal is unique.

Investment to date at Malton totals $17 million. In the next few years $20 million more will be spent on requirements now known. On top of all this, there are numerous items which traffic growth may demand.

Let us take a quick look at the statistics for this terminal. Perhaps they should be called "vital statistics"—for here is a building which will hum with life. Picture a building 600 feet in diameter, covering nearly 8 acres. Speaking comparatively—the present terminal has an area of 38,000 sq. ft.—this will have an area of 500,000 sq. ft., or 13 times as large.

Here are some more eye-opening figures:—a refrigeration plant sufficient to freeze 2,500 tons of ice per day; the water supply would satisfy a town of 12,000 people; the heat requirement is the equal of that for 1,500 houses.

So much for size. But the outstanding feature is the built-in convenience. Here we will have a circular building, around which aircraft will park before many exits. The passenger will thus have a minimum of walking before he enplanes. Furthermore, the design overcomes the frequent criticism that the parking lot is too far away. Here, at the centre of the structure, there will be a carpark of several stories.

In designing this layout, we have been governed by a present - past - and - future traffic flow as follows: 1959, slightly over 1 million passengers; on completion of the structure, approximately 2 millions; by 1971, a figure in excess of 4 millions.

Satisfactory progress is being made on the initial phases of the construction. The future schedule calls for completion in about four years. Without a doubt, we will have here a terminal unsurpassed anywhere in the world, whether it be judged from the viewpoint of smoothness, quick handling and economy for the airline operator, or the equally important needs and convenience of the air traveller.

The emphasis which we are placing on terminal construction is borne out by the upward surge in expenditure. In 1957, we spent $8.5 millions; in 1958, $13.5 millions. For the current year, the allotment is over $20 millions.

Terminal construction is one activity which is constantly beset by an extraordinary number of handicaps. To the Public, the building is just another structure, although it does have unusual size, and some different features. Actually, a terminal is a facility which can be likened to a small community. It has stores, restaurants, parking lots, concessions, business offices, display centres, electrical and heating systems, intricate communications systems, etc.

Not only is our terminal building programme big in terms of numbers of buildings and total expenditure required—which means that it has to be spread out over quite a period of years—but it is an extremely complex programme.

A terminal building is not just another office building. It is an intricate project which has to include planning for ramp areas, aircraft handling, refuelling systems, and special technical installations such as radio aids to navigation, radar units and traffic control equipment. Planning has to take account, not just of the current situation in aviation, but of types of equipment and methods of traffic handling that will be in existence fifteen years from now.

With rapidly changing techniques in aviation, this is no easy problem, and plans have to be re-drawn many times to adjust to rapidly changing developments. Plans also have to take account of traffic growth, and be such that in addition to meeting the requirements of technical change, there is reasonable room for traffic expansion.

Moreover, the views of widely varying groups have to be taken into account, ranging from air traffic control, meteorology, communications, to Customs and Immigration, and the airline companies themselves, which, quite often, have widely differing points of view. It is natural that, with the art of development of terminal buildings changing so rapidly, every time a new development at another airport almost anywhere in the world comes along, a request reaches us to incorporate it.

Our own experience, as well as the experience with regard to large terminals in other countries, has emphasized that with a major terminal project such as Montreal or Toronto, we should allow two to three years for planning purposes, and four to five years for construction of the bulding and related facilities.

Here is an industry which is advancing in head-long fashion, and changing almost daily in its techniques. So far, it has shown no evidence of a slowdown in its impetuous pace.

Almost daily the number of air travel enthusiasts increases. But how many of us have a true appreciation of the technological advancements which are enabling us to enjoy the benefits? To the greater number of us, advancement or progress means only faster planes, more comfortable seats, easier reservations, bigger waiting rooms, closer parking areas, better restaurants, and so forth. Seldom does the aviation meteorologist, the communications engineer, or the air traffic control expert, receive his share of the credit.

Take the case of the overlooked meteorologist. His forecasts may form an important part of our work-a-day lives. But his association with the commercial pilot is a case of "togetherness" pure and simple. The pilot must have that final briefing before he departs. These forecasts for aviation—on terminal conditions, on-route upper winds, conditions at alternate fields, etc., are the most highly specialized of all. A few years ago these forecasts were designed for flights at the 15,000-foot level. Today they must extend to the 35,000-foot level.

Visit an airport weather office and witness the banks of teletype machines, pouring forth a stream of weather data —75 words per minute, 24 hours a day, for every day of the year. The weather network extends over 40,000 miles in Canada. It is linked to a similar network in the U.S.A., as well as by cable to weather offices overseas. Still greater refinement is being sought by the use of closed-circuit TV, weather radar, intricate electronic devices for automatic measurement of cloud heights, etc.

Air traffic control is one of the most challenging features of aviation. Here is an operation which has come a long, long way in a very short time. At the outset, the pioneer pilot himself determined when and where he would fly— and a mighty fine job he did of it too! What a different picture we have across our Canadian airways now! Every aircraft flying in an airway must file a Flight Plan, and its altitude, speed and course are under the watchful eye of the air traffic controller, and of radar sets. And the pilot knows that when he approaches the airport, assistance is available.

Obviously the next step will be a move toward automation—electronic computers to assist beleaguered traffic controllers. And with the advent of the jet, the demand is constant for improvement and more improvement, for time lost is revenue lost.

What does the future hold for Canadian aviation as it jet-propels itself into the second half-century of its existence? Lacking the foresight of a Leonardo da Vinci, or the assistance of an electronic computer of supernatural ability, one must go to the traditional crystal ball. There, the image is one of a bright future.

From the days of our intrepid bush pilots, to whom we owe an everlasting "Thank you" for their exploits down to the present day, our air operators have demonstrated unbounded imagination and confidence. I haven't any doubt they will continue to show those qualities, thus assuring retention of the proud position Canada has assumed in the field of aviation.

They will have their problems. The jets fly high, and they also are priced high. But don't overlook the key point —more tons per mile and passengers per mile; in other words, increased productivity. Listen to the expert in the international field, and one of his pet phrases is, "We haven't scratched the surface yet!" He talks in terms of application of the multiplication factor 4 to show potential traffic by 1970. And are the designers content? Not by a long sight. Already we hear whisperings of "Mach 3", and the supersonic era!

Interesting developments are occurring in the VTOL (vertical-take-off-and-landing) areas; helicopter enthusiasts have great expectations—use of the rotary type for fire fighting; for short distance flying in built-up areas; for controlling highway traffic at congested points; for heavy lift operations where these "flying cranes" would lift, for example, a prefabricated house, and so on.

It is stimulating to speculate on what we may see in the fields of aviation fifteen or twenty years from now. We are doing firm planning on a ten-year basis because we believe that we can foresee many of the technical changes and developments within that period, as well as expected lines of growth; but when we stretch our vision beyond that period, all we can do is say that further technical development of which we are aware, will, in part at least, have materialized and will bring further amazing changes.

It is quite likely that fifteen to twenty years from now we will be carrying over 30 million domestic air passengers a year in Canada, and over 10 million passengers to and from Canada a year on international flights. While on the middle range flights, we may not have progressed in terms of speed and facilities much beyond the jet era which we are now entering, these passengers will by that time be accustomed to moving at 600 miles an hour instead of 200 or 300 miles an hour, and will take this as a matter of course; and if they are delayed for ten minutes, they will continue to complain just as they do now.

On the longer range flights from coast to coast and across the Atlantic, we will probably see a supersonic plane in operation which will be flying at a speed of about 1,800 miles an hour and at a height of 75,000 feet. This will make it possible to cross the continent in one and a half hours; and cross the Atlantic in well under two hours. By that time many of the operations will have become automatically controlled through radar and electronic devices.

Aircraft can now land in conditions of poor visibility in which flight was unheard of ten to fifteen years ago. Within the period I have mentioned, this will be expanded to include automatic "blind landing" systems which will, in fact, land the aircraft exactly on the runway in conditions of complete lack of visibility. In such circumstances a pilot would be a monitor of instruments rather than a person actually flying the aircraft.

I also expect a major change in aviation in relation to shorter haul traffic. The problem here has been twofold. The time required to travel from the city to the airport at each end of the flight nullifies the advantage of using aircraft on shorter distances, while the cost on such shorter distances has been abnormally high in relation to other forms of transportation. The helicopter, which a few years ago was heralded as the instrument to change this situation, has not made the breakthrough which was expected, but other variations of this type of transportation are emerging, such as the rotodyne, which is a combination of fixed-wing aircraft and helicopter.

Once you have the possibility of vertical take-off and landing, you can do direct city-to-city short haul operations in a manner which eliminates the long drives to and from an airport. Technically this is feasible now, but it needs to be worked out in relation to all-weather flying, and in terms of better cost, to achieve the economic and operational basis which will make it a reliable form of transportation. When this does happen, it will revolutionize the shorter distance transportation of passengers.

In cargo flying, growth will continue, and just as the railways are now doing piggy-back operations with trailers, we should see some form of combined aircraft-ground operation; planes combined with trucks to offer direct express and cargo services by use of through pallets or pods, in an integrated air, road and possibly rail movement.

The foregoing should all be possible without even talking about radically new technical developments in aviation, such as the hovercraft or aircar, which moves about a few feet from the ground on a cushion of air; or the Flying Saucer being developed by Canadian Avro, which holds promise of major development along completely new and unusual lines.

I am convinced that great possibilities lie ahead for those nations that are able to reap the benefits which the jet age makes possible.

This is particularly true in a nation the size of Canada geographically, where air transport has penetrated into areas never before touched by mechanized transport, and where flying is no longer an adventure for the few, but has become a conventional mode of transport for many.

One thing is sure, and that is that the future of aviation in Canada is exciting. If we combine sound planning with imagination, aviation will be both profitable and practical. By its geography, both domestically and internationally, Canada and the jet age are natural partners. The Department of Transport will do all it can to make this partnership a most fruitful one.

THANKS OF THE MEETING were expressed by Mr. Marvin Gelber.

Christmas Meeting

with

THE HART HOUSE GLEE CLUB

Thursday, December 17th, 1959

CHAIRMAN: The President, Mr. Harold R. Lawson.

Mr. Lawson introduced The Hart House Glee Club to the meeting noting their long and famous history in the City of Toronto. Before the actual programme of Christmas music was presented to the Club, Mr. Lawson called upon Past President, Lt.-Col. W. H. Montague, O.B.E. to present the President's Certificate to immediate past President, Lt.-Col. Bruce J. Legge, which he did accordingly.

The Hart House Glee Club presented a programme of Christmas music.

On behalf of the members present, Mr. Lawson thanked the Glee Club.

"NORTH ATLANTIC TRADE AND INDUSTRY"

An Address by

BASIL ZIANI de FERRANTI, M.P.
Director of Overseas Operations, Ferranti Ltd.

Thursday, January 7th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Somewhere in Shakespeare it is written that some men are born great, others achieve greatness, and still others have greatness thrust upon them. Had Shakespeare lived to know Mr. Basil de Ferranti he would have realized that there are rare individuals who fall into all three categories at once. Our speaker found himself at birth a member of the famous Ferranti industrial family and, after an education at Eton and Cambridge, became at the age of 24 an officer in the Company. He achieved greatness in his own right when, at the age of 28, he was elected to the British House of Commons; and we might say that greatness of a sort was thrust upon him when he was persuaded to accept an invitation to address the Empire Club of Canada.

I have referred to the industrial complex known as "Ferranti Ltd." as famous, but I realize that it may not be too well known in Canada, particularly by those not connected with the electrical business. To fill in this gap in knowledge it might be helpful if I quote from a Financial Post report on the last annual general meeting of the Company, Sir Vincent de Ferranti, chairman, presiding.

Skipping over the handsome profit picture (which was expressed in mysterious figures known as pounds, shillings and pence, and seemed mostly to go in taxes, anyway) what impressed me most was the wide range of products manufactured. We read of silicon diodes, and of electronic digital computers which bear such classical trade names as the Perseus, the Pegasus II and the Mercury, which latter has been well received internationally in the Atomic Energy Industry. We read also of guidance systems and of a guided missile called the Bristol-Ferranti Bloodhound, of inertia navigation, gyroscopes, accelerometers, inertia platforms, high-temperature transformers and precision potentiometers.

The article ends succinctly with the words, "The report was adopted," as well it might be. I now call upon Mr. Basil Ziani de Ferranti, M.P., Director of Overseas Operations for the firm, to report in person on the matter of "Trade and Industry in the North Atlantic Community".

MR. DE FERRANTI: Written on a slip inside a booklet describing our company's new staff pension scheme, which arrived on my desk a short time ago, were the interesting words, "You are due to retire in 1995." Now they always say that one must either progress or slide rapidly downhill. To address this gathering today would seem to me about as crowning an achievement as I could hope for. With not much further to go, therefore, and thirty-five years to get there, it seems to me that I may be in that downhill slide pretty soon. At all events, I shall be glad of the company staff pension scheme and be forever grateful for the honour you have done me in inviting me to address you today.

I believe that by the time I am drawing my pension, economic historians will be looking back to the sixties and saying they were the years of trade liberalization. I have tried hard to restrain my natural instincts of youthful optimism but, nevertheless, conclude that we are fortunate to be living at a time when international trade will expand at rates familiar to our Victorian forefathers and to our economic rivals behind the iron curtain. I would like to make some points this afternoon on how this may affect the countries of the Atlantic community and what I believe they ought to be doing to help this process along. May I say at this point that in my experience dissertations on the subject of general trade problems are a pretty good way of sending people off to sleep. If I say anything offensive, therefore, please forgive me on the basis that I wasn't trying to be rude but only to keep you awake.

Before dealing with the exciting events that are taking place in Europe in the field of elementary National arithmetic, best summed up as $6 + 7 + 2 = 1$, I would like to get off my chest a few highly impertinent remarks about Canada. First of all, it seems one of the post-war wonders of the world that Canada has been able to attract such huge quantities of overseas capital for secondary manufacturing, despite the difficulties encountered by those already here. The fact of the matter is that Canada is an extraordinarily pleasant country whose inhabitants combine the brisk and exciting atmosphere of the new world with the traditions and the culture of the old and who sit on top of untold natural wealth. But they sit there like sirens luring unsuspecting overseas industrialists with the chimera of untold wealth to slowly dissipate their shareholders' substance or tolerate for years a return of two or three percent on capital employed.

Now I am a sort of professional two-hat wearer. Under one hat as a British Member of Parliament I am a fervent believer in competition, free trade and everybody buying everything overseas, especially if they buy it from England; provided of course it is only damaging to industries in other people's constituencies and not in my own. When wearing my other hat, though, I become a Canadian industrialist responsible for investment in this country of approximately ten millions of dollars. It is this hat that really brings out the Dr. Jekyll in me and makes me a fervent advocate of high tariff protection for secondary industries, restricted competition, and a generous outlook among our customers.

For those countries like Britain which rely vitally for their daily bread on selling overseas, liberal trade policies are essential. For a country like Canada though, which is faced with the urgent task of encouraging secondary industries still further in order to balance the economy, the slogan "buy Canadian" should reign supreme. A prominent Canadian newspaper came out recently with a blistering attack on the Toronto Transit Commission. Its members were dubbed 'parish pump protectionists' and accused of doing a disservice, not only to Toronto but to the Dominion, for wanting to buy some railway rolling stock from a Canadian firm. This makes rather despairing reading. You can't make a song and dance about the attractions of Canada to the industrialist and then go and buy your street cars from overseas. You can't solve an unemployment problem by creating jobs in other countries. Canada's balance of payments has been largely supported by the inflow of foreign capital, but this will soon dry up if Canadian industry is not supported.

Perhaps it is an oversimplification, but can one look at it this way? By all the dictums of the theoretical economists, Canada as an independent country should not exist at all. She should be a member of the United States of America. But nobody would think much of that idea. Canadians prefer to be independent and pay the price of that independence. So it will certainly cost you a bit more to buy your subway cars in Canada. But it is a small price to pay for your independence as a nation playing an important and increasingly prominent part in world affairs. By all means purchase offshore from time to time if you have evidence that you are having your leg pulled or if there is no Canadian supplier, but otherwise why not bear in mind that your suppliers are also your customers in the long run and your neighbours in this great country, and deserve to be supported and encouraged in return for the capital they have invested.

I think it is often not realized that when a European firm makes a bid in Canada the price is frequently a marginal one. That is, it is substantially lower than the prices quoted in the country's home market. It is not dumping because in fact the firm will make a marginal profit, but it is nevertheless unfair competition and certainly gives the public a false picture of the real state of affairs.

It has been suggested that one way of supporting manufacturing in Canada would be for the government to build factories and rent them free to industry. Surely this is the economics of bedlam. Those of you in industry will agree that there is no problem in finding factories; it's orders that are wanted and that's where the solution should be. I am afraid that I am giving the impression that Canada has no part to play in liberalizing world trade and contributing to the expansion that I believe we shall see in the next decade. Nothing could be further from the truth. But if Canada is to play her part, it is my opinion that she ought to do three things. Firstly, give up wanting to have her cake and eat it. If she wants to be an independent nation with a flourishing manufacturing industry, she must give orders to Canadian firms and people must stop pretending that it is always the other firm's duty to buy Canadian and not their own. Secondly, avoid having too many firms in each product line. Even though Canada is small compared to the States, industry can manufacture cheaply here provided it has the volume. I'm sure it is unwise to encourage every large firm in the world to set up a Canadian subsidiary. It is better to have a few efficient and prosperous companies than a lot of squabbling, inefficient, loss-making operations running at under-capacity. Of course, in time those who don't make a go of it shut up shop. The trouble is though that subsidiaries are like King Charles II and take an unconscionable time a-dying. Thirdly, it would be a mistake to try and make a success of every industry. Canada must specialize and support those industries which have flourished here and buy from Canada's customers overseas the items which are not made here.

While some people have been losing their shirts in Canada, manufacturers in the European countries of the Atlantic community have been doing quite well. Bearing this in mind, it can never be repeated often enough that Europe owes its present prosperity to the vision of General Marshall and the generosity of the people of Canada and the United States, who not only contributed so much to winning the war against Nazi Germany but who undoubtedly saved us from losing the peace as well. Now, Europe really has the bit between her teeth and looks like achieving greater expansion in the coming decade than in the past. Now what about this "sixes and sevens" business? Just what is Europe playing at? It can be compared to a drama in five acts and just now we are shifting scenes for the fourth act which is yet to be written. The prologue to this drama took place soon after the war and dwelt on this simple theme. Firstly, and I stress firstly, two world wars resulted from the division of Europe and the best way to avoid it happening again would be to establish a political union of the countries of Europe. Secondly, there was the glittering example offered by the United States of what could be done by modern technology with a mass market of more than 180 million people.

Personally, as an engineer, I believe this to be the most important fact of all. The politicians are always bragging about how they have raised the standard of living. But in my experience they are often more of a hindrance than a help. Surely it is the engineer with his power stations, washing machines, etc., who is raising the standard of living. Engineers know only too well how costs come down with volume and I belive in Europe today a comparative handful of far-seeing men with adequate technical knowledge have been responsible for much that has been going on.

The opening curtain of the first act in 1947 revealed the backdrop of the international monetary fund and the general agreement on Tariffs and Trade which got a big hand from the audience. The first bars of the overture were the announcement of Marshall aid and the founding of the Organization for European Economic Co-operation and the European Payments Union. Thus encouraged, the actors by the end of the first act had agreed on the Benelux Economic Union and on the European Coal and Steel Community in which France, Germany and Italy joined Holland, Belgium and Luxembourg.

The next act followed without an interval, starting off with the Messina Conference in 1956, which was called to discuss the possibilities of establishing a real United States of Europe. Great Britain, already a member of the great Commonwealth trading community and not particularly anxious for political union with countries with whom she did only one-seventh of her trade, went along to Messina as an observer only. Britain, by standing in the wings, missed an opportunity to affect the course of these negotiations and also underestimated the determination of France and Germany to achieve success. It is easy to be wise after the event, but the French especially saw very clearly the advantages of forming a close political and economic union with Germany, Italy and the Benelux countries. Industrialists in all these countries had close ties and were able to see the strength they could achieve through rationalization and economies of large scale.

Thus the end of the second act saw, quite frankly much to Britain's surprise, the signing of the Rome Treaty and the establishment of the common market. This was an event of world importance. Those countries, or rather I think one can say, this new country will forge ahead and good luck to them.

Now we move into the third act: the attempt by Britain to form what we called the free-trade area. This was a plan to abolish the tariffs between virtually all European countries but instead of having a common external tariff, to permit countries to retain their own external tariff structure. In this way Britain of course could retain the advantages of Imperial Preferences. This attempt failed for the simple reason that the French werent' having any. The French are a very logical and practical people with a top-rate civil service. They felt that they were running quite a risk with the common market and to face British competition as well was altogether too much. However, this decision really forced the hand of the remaining countries. Rather than allow a series of disadvantageous bilateral agreements, Britain, Scandinavia, Switzerland, Austria and Portugal decided to form the so-called "outer seven" or "European Free Trade Association". The object was not just to increase trade among themselves by the removal of tariffs, but to make negotiation with the six common market countries less difficult. It should be remembered that Germany does a substantial trade with Scandinavia and that the E.F.T.A. Agreement is something of a threat to this trade. In this way Germany is more likely to persuade France to join in a new all-European agreement. Thus the end of the third act saw the signing in Stockholm recently of the Stockholm Treaty which, although yet to be ratified, will officially set up the E.F.T.A.

Incidentally, apropos of my earlier remarks about Canada, the common market countries, although determined to increase world trade, do not entertain any pie-in-the-sky ideas about buying from overseas. If one of the common countries makes a particular product, then that product will be bought without any nonsense of overseas bids. This isn't being Protectionist, it is just being sensible.

However, the curtain has now gone up on the fourth act. Furthermore, a new actor has now appeared on the stage: namely, the United States of America in the person of Mr. Dillon. The United States—and Canada as well—is naturally concerned that both the six and the seven will discriminate against dollar goods, which would be very serious indeed in view of the present balance of trade. By all accounts, Mr. Dillon was reassured on this point. The result of his European visit last month though is very significant indeed. The United States will now participate in negotiations to set up an all-European association. Thus is isolationism to be finally buried and a new era in Atlantic trade to be established. Nonetheless the $64,000 question is whether France will now go along with a broader agreement. My guess is that she will. In fact, she has already made quota concessions which will have more actual effect than if Britain had signed the Treaty of Rome. If the common market is a failure, then, of course, France will not agree to more competition but, on the other hand, nobody will want to be associated with failure anyway. If, on the other hand, it is a success, France will be well placed to face competition and will have everything to gain from a broader agreement. This I believe will be what will happen.

It looks then as if we are all going to get richer and richer. What ought the Atlantic communities next step to be? I believe that the six and the seven and the United States and Canada must really go to town on helping the underdeveloped nations. It is all very well achieving a 20-hour week if there is nobody starving in the world. But while two-thirds of our fellow men go to sleep hungry every night, it is surely our duty to go to great lengths together to put the situation right.

May I close by thanking you very much indeed for your hospitality and say this as well. My grandfather built the first alternating-current, high-voltage power station in the world. He also, incidentally, held the first concession for exploiting the power of Niagara Falls which, unfortunately, fell through for lack of capital. He founded the Ferranti Company which currently turns over about $70 million annually. But from my point of view, the best thing he ever did was to invest in Canada. It means I can visit your wonderful country frequently. It is not yet returning as much on the capital as it should, but it is coming along very nicely. May I therefore say that, despite all the horrid things I have said, we believe in this great country and will under no circumstances quit no matter what difficulties have to be faced. This is not just because I like coming over here, but because the Atlantic community is going to see untold prosperity and Canada is going to more than share in it.

THANKS OF THE MEETING were expressed by Mr. John Bonus.

“PUTTING THE ATOM TO WORK”

An Address by

J. HERBERT SMITH, D.Sc.
President, Canadian General Electric Co. Ltd.

Thursday, January 14th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: One night about two weeks ago, during the ice storm, my wife awakened me in the middle of the night to say that she was cold. I quickly discovered that I was cold too, and that the reason was the failure of our General Electric blanket. With some difficutly we got back to sleep and woke up late in the morning, much later than usual as a matter of fact, because our General Electric alarm clock had stopped. I will not dwell on all the hardships that followed—many of you had the same experience—except to say that absolutely nothing in the house worked. The lights were off, my electric razor wouldn’t work, the whole house was cold. I had sugar pops for breakfast instead of oatmeal, the goldfish were gasping for air, and, while the car would start, the electronic garage doors wouldn’t go up.

I am not suggesting that all this chaos was the fault of our speaker, or his company. (Even had we bought our appliances from a competing company this was one time we could not have been sure.) I simply want to point up the extent to which the amenities of our civilization, which after all do work ninety-nine per cent of the time, are the result of our having harnessed the forces of nature. This process is still continuing and the prospects are that nuclear energy for peaceful purposes will be the predominant influence in our lives during the remaining years of this twentieth century.

Our guest of honour today is an acknowledged expert and leader in this field. A native of Fredericton and a graduate in engineering from the University of New Brunswick (which recently conferred an honorary doctorate in science on him) he has spent all his working life with the Canadian General Electric Company. His record speaks for itself for he rose from the bottom (or as close to the bottom as an electrical engineer can get) to the top in only twenty-five years, becoming the first Canadian-born president of the company since 1924.

It is a pleasure to present to you Mr. J. Herbert Smith, President of the Canadian General Electric Company, who will speak to us on the subject "Putting the Atom to Work".

MR. J. HERBERT SMITH: I am holding up for your inspection a small object which weighs six ounces and is not much larger than the end of my thumb. This object is quite prosaic in appearance, but it symbolizes a new scientific art which—put to good use—will provide much of the electric power for our homes, offices and factories of the future.

For this is a pellet of the natural uranium used in a fuel rod for a nuclear reactor. Small though it is, this six-ounce pellet, if burned in a present-day reactor, will produce heat equivalent to 6,000 pounds of coal. While it is cylindrical in its dimensions, it could well be key-shaped, for it represents a new science which can unlock one of Nature's doors to provide vast quantities of much-needed electric power to many areas of the world.

If you have seen your newspapers during the past few days you have read of many of the proceedings of the highly successful conference just concluded dealing with the future of uranium and nuclear energy in Canada. This conference, sponsored by the Ontario Government, went a long way toward acquainting the public with the present activities and progress of those sections of government and industry concerned with the nuclear energy field.

Today I would like to discuss nuclear energy with you from the point of view of an electrical manufacturer—a manufacturer who is concerned both with disciplining the power of the atom to create new supplies of electrical energy, and with building equipment to put that energy to use in its most efficient manner.

As you all know, our productivity, and thus our whole standard of living, is dependent on abundant energy resources. Since our known resources of fossil fuels (coal, oil and gas) are limited in the long term, the advent of nuclear power gives assurance of meeting our power needs far into the future. While Mother Nature has bountifully supplied Canada with these other fuels, she was something less than perceptive in locating them. This oversight on her part has resulted in a situation which now sees Canada with very large reserves of coal, oil and gas, unfortunately located very long distances from the main areas of demand. And because of high transport costs, some of these areas of high electrical demand find it more economical to import fuels than to use those from domestic sources.

As a result of this situation, Canada, in the latest year for which statistics are available, had net imports of energy—that is to say, total imports of energy minus total exports of energy—which in absolute size were 50 per cent greater than the corresponding import of either the United States or the United Kingdom. Let me emphasize that we are talking of total figures, *not* figures per head of population. The Canadian net imports of energy were half as high again as either the American or British *despite* the much larger populations of the latter two countries! These imports add seriously to our foreign exchange problem today, and will do so increasingly in the years ahead, if we do not develop the use of our own resources.

For a further explanation of this situation, picture if you will a map of Canada. Over 40 per cent of this country's total population is located in Southern Ontario and Southern Quebec. This concentrated population is an indicator of a comparably concentrated demand for energy. Yet over 90 per cent of Canada's reserves of conventional fuels are located in an area roughly 2000 air miles west of Toronto, in Alberta and her bordering provinces. The coal deposits of the Maritimes are also at a formidable distance from these major power-using areas. The current situation, simply stated, is that it is cheaper for Ontario and Quebec to import coal from Ohio, Pennsylvania and West Virginia, and to import oil from Venezuela and the Middle East, than it is for them to use such fuels from other parts of Canada. Even so, roughly half the cost of U.S. coal delivered in Toronto is composed of costs of transportation.

Compare that rather sombre picture with our past experience in using water power to generate our electricity. Large hydro resources—with fuel supplied free by nature—have up to the present been available close to the major power-consuming centres. Such rivers as the Kootenay, Bridge, Winnipeg, Niagara, St. Lawrence, Ottawa, Saguenay, St. Maurice and Peribonka, together with many smaller ones, have provided over 90 per cent of our total electrical requirements. But because the economic hydraulic power sites have now, or in the not too distant future will be, fully used, further development can only occur at sites much farther north. In many loactions the transmission costs from these northerly sites would be sufficiently high that it is more economical to build thermal generating stations, fuelled with expensive imported coal.

Let us look at the situation in Southern Ontario. We have already noted that the completion of the St. Lawrence power project will mean that the last large hydro power site in this area has been developed. Meeting the expected load growth in this area will therefore require the building of thermal generating stations using the particular fuel which is least expensive in Southern Ontario—namely American coal. If no competitive nuclear power is available in Southern Ontario in 1980, the coal imports then required for electrical power production alone will amount to over 30 million tons per year, representing an annual cost of about 300 million dollars. Of this huge sum, at least 85 per cent will have to be paid in **American dollars**—dollars that will increase the adverse trade balance already existing between Canada and the United States.

Let me further illustrate this point. From the windows of this hotel you can see the R. L. Hearne steam power plant on the Toronto waterfront. It is fuelled by American coal. The completed Hearne station will alone use $40 million worth of U.S. coal for every year of its expected 33-year life. That involves a total expenditure, even with no rise in coal price, of $1,320,000,000 in U.S. funds—which equals one-and-a-half times the cost of the entire St. Lawrence Seaway and Power Project.

Surely I need not emphasize further the nation's need for utilizing a Canadian source of fuel. We have that fuel right here in Ontartio—uranium—and our reserves are the largest known in the world. That is the background for the challenge now being faced by engineers and scientists in the Atomic Energy of Canada Limited, in the nation's utilities and in the growing number of private firms venturing into the nuclear equipment field. These groups have a common goal: to produce electrical power from nuclear sources at the earliest possible date at costs comparable to that obtained from conventional fuels.

Let us examine for a few moments our progress toward this goal. Canada's first nuclear-electric station is being constructed on the Ottawa River. Construction of this station, which is called NPD for Nuclear Power Demonstration, passed the half-way mark early last month.

NPD is a joint project of a Crown company (Atomic Energy of Canada Limited), a provincial utility (Ontario Hydro), and a private manufacturer (Canadian General Electric). This three-way partnership exemplifies the teamwork that is needed—and that is being applied—toward solving the problems of producing economic nuclear power. I might interject here that Canadian General Electric has contributed $2,000,000 of its own funds toward the design and development costs on this first reactor. This is an expression of our confidence that the Canadian approach is sound and will result in competitive power from the atom. The NPD installation is scheduled for completion by the end of this year, with testing and commissioning to take place in 1961. The 20,000 kilowatts of electric power from this plant will be fed into the Ontario Hydro System, but the power is incidental. The true product of the plant will be experience—experience with the design, construction and operation of this type of power reactor. And that experience will quickly be put to work. NPD is a prototype of the full-scale 200,000 kilowatt nuclear station known as CANDU, which was authorized last year. CANDU—an Ontario Hydro station—will be located near Kincardine, Ontario.

It is scheduled to be in operation by late 1964 or early 1965.

And here is the important point. The engineers closely associated with the CANDU project have considerable confidence that the power costs achieved by this reactor will closely approach those of conventional coal-fired plants. Both of these reactors being bulit in Canada, NPD and CANDU, use a liquid known as heavy water to control the atomic reaction which produces heat. They also use the same liquid, that is heavy water, to carry the heat away from the reactor to the steam generator, where steam is produced at the pressure and temperature required to drive the electrical turbo-generators.

Heavy water is actually ordinary water with a special molecular structure. It exists in small quantities in our normal water supply. By means of rather a complicated and expensive process, the heavy water portion is separated from the ordinary water. Since the cost runs around $28 a pound and many tons of it are required in a reactor, it is obvious that a significant part of the cost of the reactor is made up of this heavy water.

As you are aware, the high cost of atomic reactors has been the chief impediment to the achievement of competitive power. Atomic fuels are already cheaper than fossil fuels. Searching for reductions in capital cost of reactors, Canadian General Electric made a considerable progress last year on a modification of our Canadian-type reactor. This design uses a low-cost light organic fluid in place of heavy water to transport heat from the reactor to the steam generator. Heavy water is still used in this design for the control of the atomic reaction and, of course, natural uranium for the fuel. Our preliminary work was so promising that Atomic Energy of Canada Limited has authorized us to perform a conceptual design and development study of this type of reactor, known as OCDR. This work is being carried on now in a new laboratory specially built for this purpose in our Civilian Atomic Power Department at Peterborough.

It appears likely that this programme will result in the construction of an experimental reactor of this type known as OCDRE in the newly announced nuclear engineering facility to be set up north-east of Winnipeg by Atomic Energy of Canada Limited. It is anticipated that this reactor design would prove most useful in electric generating stations of a wide range of capacities and may well prove useful in remote northern locations.

I have mentioned the type of reactor now being developed in Canada. There are literally dozens of reactor designs being worked on in other countries. And there is good reason for this. With the variation of environment from country to country, it appears that where a particular reactor type is chosen to suit the needs of one country, that type may be much less promising elsewhere.

Canada, having abundant resources of low cost natural uranium, is wisely and logically following the development of the natural uranium-fuelled, heavy-water-moderated reactor type, whose technology she has pioneered. We have been most fortunate in our choice of reactor type as is evidenced by the active interest shown in the Canadian programme by the United States, the United Kingdom and the nations comprising Euratom. Since this interest has included the building of a similar reactor by the United States and a $10 million joint development programme with Euratom, it is obvious that foreign interest is much more than academic.

It was just over 17 years ago that the Nuclear Age took practical form in a top secret research room in a stadium of the University of Chicago. When Enrico Fermi gave his historic report—"the reaction is self-sustaining"—a completely new elemental kind of 'fire' had been started. The purpose of that wartime experiment was destruction—as was so horribly demonstrated at Hiroshima and Nagasaki.

Since then, while military nuclear tests have continued till recently, much of man's effort has been directed toward the *peaceful* uses of the atom. Already, I think it is safe to say, the atom promises benefits, not only in energy for power production but in practically every branch of science. Those benefits carry over into a multitude of applications which will increase our standard of living and, through medical science, prolong human life. Surely the atom will prove to be nature's greatest boon to man.

It is interesting to recall the biblical prophecy that reads

"They shall beat their swords into ploughshares." In dozens of research centres around the world (with our own Chalk River outstanding among them), nuclear scientists and engineers are forging, with infinite care, the most productive "ploughshares" the world has ever known.

THANKS OF THE MEETING were expressed by Mr. Harold R. Lawson.

“IS THE PRESS TOO SENSATIONAL?”

An Address by

PIERRE BERTON
Newspaper Columnist

Thursday, January 21st, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: This past Christmas was a big day for me for, in addition to the usual assortment of ties and socks, most of which, in deference to the sensibilities of my friends, had to be promptly buried at the bottom of a bureau drawer, Santa Claus brought me the only two things I ever really want, a tin of tobacco and a good book. The book was called “Just Add Water and Stir”, by one Pierre Berton, and the author describes it as a random collection of satirical essays, rude remarks, used anecdotes, thumbnail sketches, ancient wheezes, old nostalgias, wry comments, limp doggerel, intemperate recipes, vagrant opinions and crude drawings. I would describe it as terrific. If you weren’t fortunate enough to get a copy for Christmas, buy one for yourself. If you can’t afford it, see your nearest Neighbourhood Worker for it is one of the necessities of life.

This, of course, is not the first time we have heard of Pierre Berton. We also know him as the author of other books, Klondike, The Mysterious North, The Golden Trail, The Royal Family. We know him as the former editor of Maclean’s Magazine, a former newspaperman in various editorial capacities, a radio and TV personality, a writer of theatrical sketches and, most recently, a columnist for the Toronto Daily Star.

In this latter capacity he has become, amongst other things, a sort of Jiminy Cricket or social conscience, pointing out the seamy side of certain prevalent business practices. Among his targets have been municipal land deals, the dancing instruction business, finance companies, the television repair business, the advertising business and the life insurance companies. We would not all agree with everything he says but, for myself, I am glad that someone has the courage to say these things and I enjoy the way he does it.

Today, he is going to speak to us on the subject "Is the Press Too Sensational?" It is a pleasure to present the one and only Mr. Pierre Berton.

MR. BERTON: I am here before you today to talk to you about the terrible sensationalism of the daily newspapers in this country.

I was discussing this whole thing on a radio panel a while ago. The subject of the discussion was the title I have chosen for this talk, "Is the Press Too Sensational?" The first panellist who is a bearded intellectual said, "Yes, it certainly is—flaring headlines about inconsequential subjects"; and the second speaker, who is a former newspaper woman said the same thing; and the third speaker, who is a housewife said the newspapers blow up these stories of violence out of all proportion to get circulation and so on; and then I was asked and I made myself very unpopular by saying: "No, the Press is *not* too sensational; I don't think it is nearly sensational enough."

But I should explain that my definition of what true sensationalism is, is slightly different from the accepted cliches. I happen to believe that it is the subject matter of a newspaper story that makes that story sensational, and not the way it is handled on the front page. You can take any newspaper story and makes it *look* sensational. For instance, suppose that Allan Lamport, exhausted by his work on the T.T.C., decides to take a holiday in Bermuda; normally that is a two-paragraph story buried among the classified ads. But suppose the Toronto Star decides to make a big front page story out of it—flaring 196-point headlines:

LAMPORT LEAVES FOR BERMUDA
"Not Coming Back for Two Weeks"
Says Controversial T.T.C. Commissioner

Well, that story looks sensational and a lot of people will rush out and buy newspapers and read it, and they will be very disappointed.

Now, of course, that is not true sensationalism. It is phoney sensationalism. That kind of story does not really cause any sensation at all because it just is not sensational no matter what you do with it. My feeling is that, by and large, the daily newspapers of this country do not carry enough stories on their front pages and elsewhere that are really sensational, or that cause a sensation.

The fact is that most traffic accidents and most drownings—yes and most murders— no longer produce sensations. We know in advance that there is going to be so many every year. Just as we know that there is going to be a squabble in the T.T.C. regularly every month. I suggested the other day, that a really sensational headline would be:

NO SQUABBLE IN T.T.C. TODAY

My newspaper thought I was being funny but I was deadly serious.

What is a truly sensational story? Well, it is a story that people do not expect to read, to start with. It is usually a story that is not on the surface, in other words a story that takes time and effort and money to uncover. A plane crash these days is not a sensational story. But if a newspaper goes out and discovers the reason why the plane crashed—it may be the pilot was worried about his wife's illness; or it may be sabotage; or it may be a defect in the plane's construction—well, that story is likely to be sensational.

I will give you an example of what I mean. Last March an unknown Toronto Organization called The Freedom Foundation got itself in the news because it distributed a rather silly pamphlet saying that fluoridation was a Communist plot. Miss Phyllis Griffiths of the Telegram dug into this story over a period of several days and discovered that the people behind this same foundation were mixed up in a gold mine in B.C. and were raising money from the Foundation members in a very dubious manner. She produced a series of front page stories which the Tely properly ran under big headlines. These stories were truly sensational.

Now this is the sort of thing I am talking about and I say there is not enough of it in this country. Why not? Well, there are several reasons, but the main one is that it is cheaper and easier not to be sensational. It is simpler just to sit in the office and let the news roll in—as, indeed, the radio stations do. And it does roll in. It comes in off the CP wire and off the UP wire and off the AP wire. It comes in the form of handouts and press releases and syndicated articles you can buy for a song. A handful of men can today put out a newspaper that touches all the bases and that covers all the superficial news of the day. Now if that newspaper has no competition to keep it on its toes it will thrive and, as it does not spend very much money, and never gets into trouble or controversy, never expresses a distasteful opinion, or goes out on a limb, or makes anybody mad, it will make a lot of money. And that is the situation in many cities in this country today, where there is no alternative means of communication.

You know I am always amused by newspaper publishers who write editorials, or get somebody to write editorials, demanding freer competition in some field, and praising the principle of free competitive entreprise to the skies. And then you find that all the time they have been writing these editorials, they have been trying to buy up the other paper in town, or the paper in the next town—or the local radio and TV station—so there will be no competition and they will have everything their own way.

There are precious few cities left in Canada where there is open competition between the newspapers. Let us look at the major cities: Victoria, two papers, both owned by the same interest, Vancouver, two papers, both owned by the same company, Edmonton, one paper, Calgary, two papers in competition, Regina, one paper, Saskatoon, one paper, Hamilton, London, and Windsor, one paper, Winnipeg and Ottawa, two papers in competition, Toronto, three papers, all in competition, Montreal, two English speaking papers in competition, and finally east of Montreal, no competition. In this rapidly growing country the number of newspapers is diminishing and the control of these papers is falling into fewer and fewer hands. There are only five cities left in Canada where the newspapers are competitive.

But this is not the whole story. In many cities the chief means of communication are controlled by one source. In the United States there are 73 communities where the radio station, the TV station and the local newspaper are all in the same hands. The situation in Canada is comparable.

We have 16 cities in this country where a newspaper owns a radio station, and in most cases it is the only newspaper in town. We have eight cities where a newspaper owns a television station and in every case it is the only television station in town, and in all but one case the only newspaper in town. And we have seven cities in which the newspaper owns the television station and a radio station as well.

Now we find, in the hearings before the Board of Broadcast Governors, several applications by concerns which already control radio or television stations or newspapers and sometimes all three.

One of the companies applying for a private TV licence in Vancounver already has interests in both Vancouver newspapers and two of the 3 private radio stations in the area. One of the members of this group, The Southam Company, owns seven daily newspapers outright, has substantial interests in four more together with heavy interests in three TV and three radio stations. It is applying for further TV licences in three Canadian cities in which it also controls newspapers.

Frankly, I think this situation is unhealthy. I think if a newspaper does something infamous, the TV station or the radio station ought to be independent enough to rake it over the coals. The newspapers all employ TV critics. I would like to see a television station independent enough to employ newspaper critics. Somebody who will say: "Berton wrote a lousy column today; he is slipping." or "Nathan Cohen hasn't fulfilled his promise." or "The story on the front page is a lot of nonsense." Then the public will get a fighting chance of learning—and learning it from more than one source—what is going on. We might then, gentlemen, have some true sensationalism on our front pages, and on the back pages, too.

Now there are some people, of course, newspapermen among them, who believe that if a newspaper enjoys a monopoly, it can do a better job for its readers. It does not operate under the pressure of the deadline, it is not forced to shovel the news into print at high speed, it can spend more time in a leisurely and thorough manner getting things right, instead of getting them first. Well, these are valid arguments, but I do not see them working anywhere. The best reporting is being done in those cities—and this is the chief one—where the competition is fiercest.

The fact is that if a newspaper hasn't got somebody across the street continually keeping it on its toes it tends to get flabby. The publisher thinks twice before he will foot the bill to send one of his own reporters to Washington or Ottawa. If there is a scandal in the city council, there will be no excessive haste to unearth it, because the paper will know that nobody else is going to bother to unearth it. And the fact of the matter is in many cases, it won't get unearthed at all. And the readers won't complain because they won't know what they are missing—they won't have any yardstick to judge the only paper by. What they will probably say is—isn't it nice that we have a solid respectable unsensational paper. Because you know a lot of people are like that Social Committee of the U.N. the other day which said that reporters should merely gather the news, but they should never seek it out. Lord help us all if reporters become that passive.

There are some other dangers in newspaper monopolies which conspire against hard, objective, searching reporting. Here is an incident that happened recently in a Canadian city where a monopoly position prevails. A well known city businessman was charged and found guilty of drunk driving. Now when anybody is found guilty of drunk driving, the newspapers report it, as they report any other crime, and they name the man involved. This particular newspaper had run editorials on the evils of drunk driving. But the advertising manager went to the city editor and said: "You cannot publish this story." The city editor said, "I do not take my orders from you." So the advertising manager went to the publisher and the publisher said to the city editor: "I am sorry but we are not going to run this story." I should add that the businessman in question was a heavy advertiser.

Now if there had been any competition in town the following things might easily have happened:

First, the opposition paper might have got wind of the story and revealed that its rival had suppressed it, thereby embarrassing its rival no end. Secondly, the city editor, who is a good one, might have quit and gone to work for the opposition. Neither of these things could happen however, because the opposition paper was under the same ownership. This is a tiny example of the sort of thing I am talking about, but it is an indication of the stultifying effect of monopoly on the press.

Now we do not have that situation in Toronto. This is the only city in Canada that has three English speaking newspapers all under separate ownerships and all competing with each other like mad. We hate each other! And I think that is wonderful. The papers here are all vigorously independent and because the superficial news is always covered first by radio and TV, there is an honest attempt being made here now to get behind the headlines and tell the public things they do not know and cannot get elsewhere.

There are some disadvantages to this hectic competition and the thing is not perfect. When you get really fierce competition, the newspapers tend to arrange their front page for the benefit of the opposition newspapermen and not for the readers. I remember in Vancouver, in the old days, when competition was really rough, it is not anymore, there was a small fire on one of the docks, and the managing editor said to me: "Get a car and six other reporters and three photographers and go down there and run around taking pictures and writing in your notebooks like mad." He said: "That will scare the wits out of the opposition." And, of course, it did. They thought it must be a big story and they phoned for reinforcements and spread it all over the front page, when it should have been two paragraphs inside. That is what I mean about putting out a newspaper for rival newspapermen and not your readers. And I would be the last to say that that does not happen here sometimes.

Also it seems to me that editors tend to think in terms of cliches of two generations ago. When the motor car was a novelty, a traffic accident was big news. When our population was smaller and there was no radio or TV, a murder was always big news. That is less true today. I am convinced the public does not want so much to know what has happened—it already gets that instantly on the radio—it wants to know why it has happened and what is behind it. And this, often enough, provides the real sensation.

Some of the best reporting being done in the three Toronto papers does not appear on Page One at all, under flaring headlines—it appears on the page opposite the editorial page, Page 7, where background stories are published under the by-lines of reporters who take their time and use their heads. Many of these stories are truly sensational; and some of them are disturbing. But my only complaint is that there are not enough of them. But there are more in this town than elsewhere, because when one paper starts something, the others have to follow suit even if it costs money and time and effort.

It is no coincidence that we have in Toronto the only newspaper in Canada that has two of its own men in the Far East, The Globe and Mail; in fact this paper has the only correspondent in Red China of any North American paper. And as a Toronto journalist and a Canadian, I am proud of this even though it is not my paper. Of course, the Star used to be the one paper with a Far Eastern correspondent. It is the same correspondent, as a matter of fact the Globe stole him from us; and more power to them for it. It is always a healthy situation when a newspaperman has an alternate job to go to; it makes him just a little more independent than he otherwise might be; and independence is the life blood of our business. I hope the time will come when all the Toronto papers will have permanent staff members, not only in Peking, but also in Moscow and other capitals. As it is, there are more overseas correspondents from this town than from any other. In the towns where a monopoly exists, there aren't any; the newspaper readers there have to depend for their information on syndicated writers or press agency dispatches. I do not think that is any substitute for having your own man on the spot.

And so we return to the question: Is the Press too Sensational?, and my answer: I only wish it were. News, surely by definition, is that part of life around us that is sensational. The sensational findings of the archaeologists, for instance, have always been news. What I think the public objects to, in newspapers, is the attempt to make a sensation out of something that really is not very interesting, or very important, that is not, in fact, sensational at all. The advertising people, of course, are partially responsible for this. They use words like amazing, and wonderful, and sensational, with absolutely no regard for their meaning. "Here is wonderful news of an amazing new scientific discovery that brings sensational results on wash day." And, we, of the press ourselves, have to take some of the blame. We have used the word "sensational" to describe events and discoveries and even speeches, like this one, which are something less than sensational.

Well, I happen to believe that it is an honourable adjective. I hope we can apply it properly and in its true meaning to more and more newspapers in the future. I should add that I hope that there are more and more newspapers in the future, and not fewer and fewer. And, if anybody wants to call me sensational, and some people have, of course, I will not be the least bit upset or disturbed as long as my own brand of sensationalism falls within the definition I have advocated here today. And if it does not, I will be the first to know.

THANKS OF THE MEETING were expressed by Mr. James B. McGeachy.

"INDIA AND THE SIXTIES"

An Address by

THE HON. C. S. VENKATACHAR
High Commissioner for India

Thursday, January 28th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: India is a land of paradox. Its hopes and fears for the future both revolve around the immensity of its population, 415 million people, more than all of South America, Africa and Australia put together.

On the one hand many of these millions are underfed, badly housed and racked by disease. They have an average life expectancy of 32½ years. Unemployment, ignorance and superstition are rampant. The picture, in Nehru's words, is "a sluggish stream, living in the past, moving slowly through the accumulations of dead centuries." On the other hand Indian domestic airline pilots fly more than 25 million miles a year and jet fighters are being built in Indian factories by Indian workmen. Bustling factories turn out everything from locomotives to toothbrushes, from diesel engines to radio sets. The country is forging ahead in atomic energy, quadrupling its steel capacity in a few years' time, rushing to completion a vast network of irrigation canals and hydro-electric plants.

Politically India is the world's largest democracy. It is also a nation with built-in foreign problems, for the armed might of Communist China bristles at its border. Fortunately leadership is not lacking. Prime Minister Nehru is widely recognized as one of the most able and enlightened statesmen in the world and he is surrounded by a fine corps

THE HON. C. S. VENKATACHAR, High Commissioner for India speculates on the sixties, January 28, 1960 meeting.

Dr. Murray G. Ross, President of York University, explains university "midwifery", February 11, 1960 meeting.

of government officials, one of whom we have the honour of receiving as our guest today.

Mr. C. S. Venkatachar joined the Indian civil service in 1923. He has filled many posts including the prime ministership of the former princely State of Jodhpur and later of Bikaner. In 1951 he became Secreary to the Ministry of States and in 1955 Secretary to the President of India. For the past two years he has been High Commissioner to Canada.

It is a pleasure to introduce the Hon. C. S. Venkatachar who will speak to us on "India and the Sixties".

MR. VENKATACHAR: It is a happy coincidence I am addressing you immediately after the tenth anniversary of the Indian Republic. Ten years is a short period in the life of a young, vibrant and ambitious Republic. But in the bewildering and breathtaking changes in Asia it undoubtedly marks a milestone in India's destiny and the profound influence that destiny may have on world problems in the coming decades.

In the last ten years India has accomplished many striking objectives. I shall not detail them. I shall say, however, something of the significance and meaning of what we have been striving for.

Indians have lived and toiled for a decade in the pursuit of peace and happiness under the aegis of their own Constitution. That in itself is a remarkable achievement, remarkable for the steadfast exhibition of their faith in constitutional democracy. It has been sustained in the face of the strident challenges of an alien system and the retreat of democracy itself in most of India's Asian neighbours, leaving behind the retreat, the by no means fragrant smell of gun powder.

In 1947, a departing British official, a good friend of mine, remarked that for two decades Indians had been taught the habit of disobedience. Now that India was independent, he hoped that Indians would learn the art of obedience to their own government. The Fifties have disproved his well-meant fears. Indians are traditionally a law abiding people, but over and above that they have learnt to obey constituted authority.

An Indian scholar has shrewdly observed that the basic problem in democracy for Afro-Asian societies is what may be called the doctrine of obedience. This may sound elementary to western ears, but it is the core of the problem for societies which till yesterday were traditional and gave obedience to a hereditary ruler or a monarch. The orders of the Emperor of China ended with the formula "tremble and obey". The people did tremble and obey. The sanction available to the monarch was absolute. In the greatest of the Hindu epics there is an interesting discussion about the duty of obedience to a king. The question was posed as to why the king should be obeyed when he had only two eyes, two arms, etc., like any other man. The answer is interesting. If there is no visible final authority in a State man will fall back to a state of anarchy which is picturesquely described as the law of the fish, that of the big fish eating the small ones.

The Indian Constitution has given a firm shape to this problem of obedience. For the first time in India's history, the Constitution established the proposition that the new Indian State is a legal association and as such an association it observes a common law and its members enjoy the rights and perform duties which are guaranteed under the law. The foundations of this association have been strengthened by respect for rule of law and the integrity and independence of the judiciary. In the sphere of law the western influence has not only survived but freedom is anchored on it.

The meaning of securing obedience through legal association, briefly stated, is this. Ancient India possessed social uniformity without political unity. There was then greater organic unity in India than in the contemporaneous western civilization. Society in India was hierarchical and was divided into small independent worlds, not necessarily cooperative but neither one dominated another.

In such a state of affairs Government was no concern of the masses of people. The greatest of India's patriots before the days of Mahatma Gandhi preached the idea that politics must be spiritualized. In those days the idea that the ordinary man had anything to do with politics was unheard of. Today politics is for the masses.

The Indian Constitution was designed with purpose for a mass society which at present is neither bourgeois nor proletarian. The Indian nationalist revolution broke down age-long barriers of tradition and custom and confronted the masses with the problem of coming to terms within the twentieth century.

The old order is not yet dead; neither has the new order fully emerged. The old order was motivated mainly by a passionate interest in religion. The object is now different. The State and its politics are orientated towards secularization. They are material and wordly: release from poverty and insecurity and admission to an equal status with the privileged classes and peoples.

India is modernizing her society far more drastically than the old colonialism ever dared to do. There are others who are doing this much more drastically than India. As the historian Christopher Dawson observes, "This tendency is most pronounced in communist states where the traditional and religious foundation of oriental culture are being destroyed as ruthlessly as the alien power of western capitalism which is much less deeply rooted."

In the fifties India made her own evaluation on the problem of modernization and reached some definite conclusions. The price which communism demands for modernizing an Asian society, as seen from the example of China, are fourfold. Firstly, certain institutions like centralized party cadres, youth organisations have to replace the crumbling traditional ones like the family, religion, etc. Secondly, the past has to be ruthlessly obliterated so as to erase our old memories and facilitate the planting of new ideas. Thirdly, a rigid doctrinal framework from which there could be no deviation acts as a strait-jacket of cultural outfit. Fourthly, all organs of society have to contribute to the accumulation of total power to the State.

As India is modernizing her society she is furnishing answers to all these. The traditional society in its passage through a transitional stage is held together and integrated by democratic processes which provide the institutional framework. Indians somehow feel confident that they can accomplish the trick of coming to terms with problems of the twentieth century through a process of synthesis of ideas in place of a rigid doctrine which communism postulates. What is, therefore, happening is the blending of the past with the present; in other words, there is going on a process of rejection, borrowing and synthesis. This may not be so apparent, when a people are in the midst of changes.

Professor Norman Brown of the University of Pennsylvania recently writing in the American journal of 'Folklore' on cultural traditions in India has this to say of this daringly adventurous process of synthesis of ideas: "I cannot help feeling that India is still characteristically Indian and not anything else. Perhaps the enduring thing which has animated that civilization so long is the tolerance of the new, the unusual and the different, a capacity to reshape itself in changed conditions, a quickness of comprehension and a willingness to seek for new solutions to new problems. India can keep the old if it is useful, because she can uncomplainingly give up the old when it is no longer useful. She does not have to experience a violent conversion to get rid of her past at once and suddenly to become something different. She can instead progress by successive steps, even by steps taken in quick succession. She can always be adapting herself without experiencing feeling of guilt in doing so."

This typically Indian synthesis may well take the form of a spectrum band of ideas wide enough to accommodate what may appear to the West as many a contradictory idea. They may not appear so to the Indian mind. Once they are assimilated to the Indian thought they attain an inner meaning to the Indians. When the present inequalities are replaced by some form of political and economic egalitarianism, the future Indian society will neither be bourgeois nor proletarian in western terms. When the Indian industrial revolution is completed the social structure will be neither communistic nor capitalistic. Democracy in India will have moved away from its orthodox western counter-part. This need not cause any surprise as surely American democracy under Eisenhower is not the same as the democracy of Jefferson.

Finally, the Indian Constitution with its provisions for vigorous provincial life, autonomy, decentralization and distribution of powers is a bulwark against totalitarianism. Fortunately a void in Indian historical experience and memory is the nature of power. At no time India has had any tradition of Caesarism. On the other hand many Indian oligarchs were remarkably inefficient with little knowledge of concentration of power. The Constitution of India protects the people of India from the terrible risks and penalties of unfettered power.

Such in brief is the outline of the Indian State as it has emerged through the fifties. A western observer recently hazarded the opinion that India faces two painful alternatives when the present democratic glow fades away. Either chaos will spread or a post-Nehru authoritarian regime tackles India's basic problems without recourse to revolutionary methods. I do not wish to be a prophet of the future. India has attained such great stability that there is no question of her sliding into chaos. India may have an authoritarian version of democracy but it will not be so horrible as its label may suggest. In fact Indian democracy may be strengthened from two sources which may give it an attribute of what is loosely termed as authoritarianism.

The first of it is the strengthening of the executive authority of the Government. Let us recall that India emerged into independence through an Administrative State which was authoritarian and bureaucratic with no claims to parliamentary government as its handiwork. When the character of that State changed it had inevitably to expose the surface area which it had covered so long. The Congress Party threw a democratic mantel over it.

It is possible that two developments may take place. India will assuredly move away from the old-fashioned seventeenth-century Whig doctrine of the omnipotence of the legislative state of England of which Blackstone spoke as being 'supreme, irresistible, absolute and uncontrolled authority'. In Indian history Parliament has had no significance at all and the national struggle was extra-parliamentary. Indian democracy will have to seek a balance between the executive and legislative authority. In doing so it will have to shed another Whig heresy that legislative power is essentially popular and executive power is not. The Whigs conveniently associated legislative power with their own supremacy and wrongly thought that executive power was monarchical. It is curious that this Whig distortion spread to America and found a lodgement in Indian legal mind which heavily contributed to the drafting of the Indian Constitution.

In an underdeveloped economy a democratic State has survival value when it functions as an Administrative State in the sense that under democratic processes it is a service rendering agency. So it must be reasonably efficient, moderately intelligent, free from corruption and possess a sense of purpose. In the present Asian world when freedom even in a democracy must yield to efficiency, regard must be paid to the fact that administration is no longer the task for an intelligent amateur. This is not to suggest, however, that bureaucrats and technologists should rule. That is impossible. The Minister will be less and less an old-fashioned party politician and more and more a knowledgeable and competent administrator.

The other tendency towards authoritarianism is the existence of a single ruling party. In India at present there is virtually a one-party rule, opposition being feeble if not nonexistent. For some time at any rate a powerful opposition cannot be artificially foisted, not even hired. Even on a long-term consideration it is doubtful whether a genuine two-party system of the western pattern will evolve in Asian and African societies. Therefore, a single-party rule must be appraised from a straight political criterion and not confused by reference to political ideologies or theories.

The criterion is this: Does a single party dominate all the institutions, political and economic, is it run without any internal democratic checks and does it hold in its firm grip the movement, behaviour and way of life of its members? If it does not and it obeys the checks and balances of the legal and constitutional organs of Government, then the party is not infused with a totalitarian spirit. In this sense the Congress Party in India has worked for progress of democracy during the last decade.

An attempt to equate the single-party system in the newly emergent nations of Asia with the single-party system of the communistic society is based on the worries of the West—itself being a relic of imperialist feeling that a single-party system will subvert the inexperienced and weak democracies. You must credit the Asian societies with some shrewd-ness to reach their own conclusions. How far this fear is valid I cannot say. But there is something to be said in favour of the view put forward in the September 1959 issue of the *Round Table*, an English quarterly devoted to Commonwealth affairs. "The more successfully free Asian countries imitate Communist institutions they happen to admire, the more secure they are against Communism; for they just prove the party to be unnecessary. If, on the other hand, that imitation is a failure, most of their citizens will conclude that communism is a bad thing."

Neither the strengthening of the executive authority of the State nor the continuance of the single party system will make the Indian democracy totalitarian. Its democratic character rests on principles, which are essential for permanency and universality of democracy. In substance they are control of political power by the people and their representation, popular participation in decision making and in matters social, and control of economic power leading to social justice. These principles in association with respect for law and order, regard for individual freedom and periodical renewal of the mandate to rule through fair and free elections, are adequate to distinguish India's democracy in the sixties from the parliamentary democracy of the West and communist patterns of government.

Democracy is in fact subordinated to the main problem of modernization, that of bringing about rapid economic changes. In the days of her nationalism India decided she will never go wholly West. After independence India has decided she is not going to remain wholly oriental. In economic matters India has taken a similar firm decision. She will not bring about the industrial revolution by suppressing freedom. She is determined to modernize herself but not at the cost of destroying the foundations of her culture and civilization.

Indian instincts have been justified by recent events. We have been witnessing an aggressiveness and a strange paranoia in China while bringing about changes by turning the country upside down. Undoubtedly doubt has been raised whether it is possible to bring about an industrial revolution through democratic methods in an underdeveloped economy which is also faced with the problem of the so-called explosive population increase. Despite this misgiving India will persist in her endeavours and the sixties will be crucial for the economic transformation of her society.

India has endeavoured to help herself before she has called upon others to assist her. The things she has accomplished in the last decade may not be massive but they are not unsubstantial. On the crucial issue of domestic saving India could only mobilise eight per cent of her national income whereas Chinese savings have never been less than twenty per cent. In the first five year plan 6.5 billion dollars were invested and the second five year plan is in the order of 13 billion. During this period India has received aids and loans from friendly countries to the extent of 2 billion dollars. It cannot be said that India has not relied on herself in a major part of her effort. The size of the third Plan is under discussion. Tentatively, a sum in the neighbourhood of about 20 billion dollars has been suggested of which the foreign exchange component may not be more than 5 or 6 billion dollars. Even for a modest increase in the national income of 5 per cent India had to gamble on two things—large scale loans from capital rich countries and deficit financing. It is clear from all this that India cannot accomplisth her economic growth without aid. The bare fact is that she cannot do it alone.

The economists' prescriptions for undeveloped economies are now familiar enough. For economic growth and the so-called take-off, it is necessary to raise the rate of investment and the stock of capital per head. With a capital output ratio of about 3 to 1, a society that invests more than 10 per cent of its national income will outstrip any likely population growth and a regular increase in output can be assured. This is the formula. A specific prescription for India is that the annual rate of expansion in national income must be of the order of 6 per cent. Of this 2 per cent is for the growth of population, 2 per cent for raising living standards and 2 per cent for further investment. By 1966 the national income will have to rise by 13 per cent and so on.

The Indian effort typifies the central theme of challenge in the economy of the underdeveloped peoples. The challenge is one of organizing economic growth without suppressing the possibility of political freedom during the period of "take-off". That is why the problem of aid of underdeveloped and poorer countries opens up a new chapter in international relations. The various aid programme efforts of the fifties will assume greater coherence and will lift the problem of aid out of the present ruts into a wider horizon. Three issues are becoming clearer. Firstly, who are the rich who are expected to give; secondly, what they have to give and thirdly, the spirit of giving. The richer people in the world today are the United States and Canada, the white members of the Commonwealth, most of Western Europe and the United Kingdom. Then there is the U.S.S.R. As to what to give, they, in the order of descending importance, are: firstly, machinery and capital; secondly, scientific knowledge, training of scientists and technical know-how and lastly, food as an aid to to the extent of assisting capital formation. Aid is no longer a charity to backward and less advanced people nor it is merely a matter of altruism, a contribution from affluent societies of the West to the needy poor of the East. The size of the aid and the method of rendering aid is important but far more important is the realization of what is at stake for the West itself.

On the need for such realization, it is appropriate to hear the authentic voice of an authority from the West. Barbara Ward writing in the New York Times of December 27, 1959, has clearly stated the nature of the stake:

> "We have only two choices. We can follow the fatal road of other wealthy elites, like the pampered Court of Cnossos or the French nobility at Versailles, or we can use our wealth to redeem the promise of our free society. . . . The Sixties will compel us the taking of this decision. On it, in great measure, our future in freedom depends."

All this leads to the lesson of interdependence which the rich and poor nations alike have to learn. Isolation in any sense may well be out by the end of the Sixties. This should give us heart to go ahead with confidence.

Significantly enough, India's first entry into international relations after she attained independence was in the field of interdependence. It is good that India's foreign policy has been subjected to criticism both at home and abroad. Ideas when hammered gain malleability, acquire resilience and cease to be some kind of exotic rigid doctrine.

Mr. Nehru's breadth of vision helped the transformation of the old British Commonwealth into the new Commonwealth of multi-lingual, multi-racial sovereign nations. Mr. Nehru has never been a narrow-minded nationalist. His great humanism transcends national boundaries. He saw earlier than most of his countrymen that an independent India had to live in peace in an interdependent world. Free from any trace of xenophobia, he saw much more clearly than any other statesman that the West was confronted with the dilemma of the emergent nations of Asia and Africa. He could have withheld his cooperation but that is not his philosophy of life. He saw ahead of his countrymen that the Commonwealth was based on equality in interdependence. The Commonwealth may go on defying its own description. Its strength may well lay in the common pursuit of the ideal of equality in interdependence which inspires and animates the members of this unique association.

Mr. Nehru also saw with remarkable insight and prescience that the bipolarized world of power was a distorted image. Nuclear power had brought about a stalemated world. Force as an instrument of war and foreign policy had become immobilized.

Co-existence is another aspect of interdependence. You cannot go on altering the balance of everything, because you do not like it. You have to take things as they are and make the best use of them. Whether communism is good or bad we have to accept the fact that it has come to stay and we have to live alongside communism. You cannot ignore China because it is a communist country. Western Christendom had to co-exist with Islam for eight centuries.

Another source of imbalance is the standard of living. Just as in national societies we cannot have the privileged few and the vast masses of disinherited many, so too amongst nations there cannot be for all time a few rich and affluent nations and the rest permanently condemned behind the barrier of poverty. The wars of the twentieth century have demonstrated clearly that without balanced development nations acquire special hungers which can only be satisfied at the expense of others.

In this connection I am reminded of the words of an Englishman written forty years ago at the end of the first World War: "Do you realize that we have now made a circuit and that every system is now a closed system and that you can now alter nothing without altering the balance of everything and that there are no more desert shores on which jetsam of incomplete thought can rest undisturbed? Let us attempt logical and symmetric thought but practical cautious action because we have to deal with the mighty-going concern. If you stop it or even slow down its running it will punish you relentlessly. If you let it run without guidance it will take you over the cataract again. You cannot guide by setting up more fences, because this going concern consists of hundreds of millions of human beings who are desirous of pursuing happiness and they will swarm over your fences like an army of ants. You can only guide humanity by the attraction of ideals."

There are, it seems, two ideals for guidance. One is to learn the lesson of interdependence and through that lesson secure a balanced world. Then the world will be happy because it is balanced and free. The old political balance in the world was centred in Western Europe. It was supported by Britain's power which had enveloped seven-eighths of the world. It was sustained by the inertia of the non-European world. Once these sleeping dragons were roused and millions of people woke up from their sleep and resumed their march, the old balance was irretrievably destroyed.

Neither can civilization survive, in the words of the late Harold Innis of the University of Toronto, a dumb-bell arrangement with its energies drawn to two centres of power nor an arrangement dominated by one or other power group. The West everywhere confronts the new frontierless areas of misery and poverty of Asia and Africa. Our minds have to revolve round new concepts of geographical regions based on political and economic considerations but all linked together for the purpose of organization for peace and prosperity.

Archimedes said he could lift the world if he could find a fulcrum on which to rest its lever. All the world cannot be lifted back to prosperity at once. The first enterprise undertaken in economic rebuilding after the Second World War, the Marshall Plan, restored prosperity to Western Europe. This first case of lifting towards economic prosperity cannot end there. The North American continent and Western Europe is obviously the fulcrum for lifting the underdeveloped world into prosperity. But that opportunity may not remain open for ever. If it is now made use of then the ordering of the underdeveloped world outside Europe and North America may be relatively easy. Herein lies the importance of helping India in her determined adventure of building for a 400 millon a new way of life, neither quite eastern nor quite western.

In the specious days of Imperialism, Curzon described India as a fortress, with a vast moat of the sea on two of her faces and with mountains for her wall on the remainder. All that conception of Imperial defence has gone. The fortress has been breached by revolutionary changes in Asia. But in the strategy for securing peace, happiness and a balanced world India still continues to occupy her pivotal position in the great arc of the underdeveloped areas of the world.

So we conclude with this lesson for the world in the Sixties: in politics equality in inter-dependence; in economics, fraternity of the interdependence between the rich and the poor nations.

THANKS OF THE MEETING were expressed by Rev. Reginald M. Bennett.

"CAN CANADA SURVIVE THE SOVIET CHALLENGE"

An Address by

HAZEN ARGUE, M.P.
House Leader, C.C.F. Party

Thursday, February 4th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Our speaker today never heeded the cry, "Go west, young man, go west!" He never had the chance for, due to circumstances beyond his control, he was born there. To be exact, he was born in Moose Jaw in the year 1921, just thirty-nine years ago, and grew up on the family farm. He graduated from high school in 1938 and during the ensuing two years was employed by a co-operative, attended the university co-op school and was president of the United Church Young Peoples' Union. In 1940 he enrolled in the University of Manitoba and emerged in 1944 as a Bachelor of Science in Agriculture.

Politics have always figured largely in his life and his freshman year saw him as a C.C.F. member of the student parliament. Appropriately enough he became the minister of agriculture in the first C.C.F "government" that was formed on the campus. He was also very active in debating and for three consecutive years represented the university on travelling debating teams.

Mr. Argue was first elected to Parliament in 1945 and has been re-elected in every general election since. He soon became recognized as an outstanding spokesman for agriculture in the House of Commons. In 1954 he was elected to the C.C.F. National Executive, in 1957 as C.C.F. Whip and in 1958 as House Leader of the Party.

He is also a member of the National Committee for the New Party, the Commonwealth Parliamentary Association, the Canadian NATO Parliamentary Association and the Canada-United States Interparliamentary Group. A practising farmer with a half-section back home, he is a member of various co-operative enterprises as well as the Saskatchewan Wheat Pool, the Farmers Union and the Institute of Agrologists.

Today Mr. Argue speaks to us on "Can Canada Survive the Soviet Challenge?" If he speaks as a socialist some of us may have to say with Voltaire: "I disapprove of what you say, but I will defend to the death your right to say it." But, regardless of political opinion, we are all Canadians and we are proud to have so distinguished a member of the family with us. I present to you a fellow Canadian, Mr. Hazen Argue.

MR. ARGUE: Democracy in the western world is facing the greatest challenge of our time. The Soviet Union has successfully challenged the Western world in the field of education, scientific and technological advance, is threatening our export markets, and, unless we act, promises to overtake and exceed the industrial production of the North American continent within a few years. Soviet production is going ahead at an exceedingly rapid rate. It is now forecast that by 1965 its industrial production may well overtake that of the United States.

The Canadian-American Committee, sponsored by the National Planning Association of the U.S.A., and the Private Planning Association of Canada, recently issued a publication entitled *The Growth of Soviet Economic Power* in which it is pointed out that the industrial capacity of the Soviet Union is increasing at the rate of 9.5 per cent per year as compared to an increase of 3.5 per cent in the United States. Although per capita consumption in the Soviet Union is low, it is expanding at the rate of 5 per cent per year as compared to a rate of increase of only 3 per cent in Canada and the United States.

What could not be accomplished by propaganda, intrigue and subversion, may yet be accomplished by the peaceful act of production—simply by proving that Western capitalism, by its waste of human and natural resources, is inferior and second-rate.

WHY ARE WE BEGINNING TO FALL BEHIND?

1. WASTE OF RESOURCES

We are wasting vast human and natural resources by unemployment, regional underdevelopment, undistributed food surplusses, and a seventeen hundred million dollar annual expenditure on a "bow and arrow" defence programme.

Defence is desirable, but, in my opinion, Canada to-day stands defenceless. The accelerated advance of Russian technology in the weapons field has made Canada defenceless. The Bomarc missile, designed to shoot down a manned bomber, has had its sixth test failure, is far from perfected, and when operational, will obviously be obsolete.

The Canadian government still insists on maintaining a policy of spending one hundred and twenty-five million dollars that is just money down the drain.

In my opininon, strengthening the deterrent, strengthening the offense, is the only sensible approach to defence to-day. But in my view, wasting seventeen million dollars of our resources is sheer madness, weakens our economy, and makes it the easier for Russia to overtake and to exceed our standard of living.

2. LOSS OF PRODUCTION THROUGH UNEMPLOYMENT

The latest unemployment statistics show that there are 685,700 Canadians receiving unemployment insurance. Unemployment is a great menace to our way of life. Unemployment is a drain on production, is a waste of resources. I think it is a crime against humanity.

Solve the problem of unemployment and we automatically go a long distance in guaranteeing the democracy that we wish to protect.

3. TRADE CRISIS

Canada is facing a severe trade crisis that will likely worsen in the next few years. Markets for our primary production in mining, forestry, and agriculture, are facing increased competition.

Canadian exports of lumber to the United Kingdom have declined substantially since 1954-55 from over 70 million dollars at that time to not much over 40 million dollars in less steadily. The Soviet Union has now become the world's

Wheat.—The Soviet Union has now become the world's third largest wheat exporting nation. It is forecast that Russia will be able by 1965 to export up to 10 million tons of wheat, that is, to exceed Canada's current exports and become the world's second largest wheat exporter.

In the first nine months of 1959, there was a net capital inflow of $1,119 million. Our current account deficit with the United States was $911 million, and, for the first time, there was a current account deficit of $200 million with overseas countries.

James E. Coyne, Governor of the Bank of Canada, has pointed out recently that our nation is living beyond its means, that our prosperity is a false one, that our consumer production is being maintained very substantially by capital imports, that our consumption advantage of to-day will be a consumption disadvantage for the future.

Mr. Coyne goes so far as to give us his solution:

> "Canadian savings and the machinery of the Canadian capital market now can supply all of the capital funds needed by governments and business combined to carry on a capital expenditure programme as large in total as is sound and healthy for the Canadian economy to sustain in any one year."

4. INFLATION

Inflation, the silent robber, continues to depress our export industries, reduces the standard of living of those on fixed incomes, and erodes the savings of our people. Many economists now say that inflation is inevitable. Tight money, high interest rates, have failed to halt inflation.

5. IMPENDING RECESSION

The Chief Economic Advisor to the Department of Trade and Commerce, Dr. O. J. Firestone, in his forecast of Canada's economy for the next few years, states that there should be some recovery in 1960, tapering off in 1961, and that the recession we may be facing in 1962 could be more extensive than anything we have yet experienced since the end of World War II.

6 FREEDOM ITSELF IS BEING ERODED

The public mind to-day is being mastered through control of the advertising media, television, radio and newspapers. The Madison Avenue crowd, psychologists and psychiatrists so play on the normal human emotions as to manage our buying tastes, invade our personal lives, even determine the political party that dominates the nation. Have they robbed us of that free independent judgment on which the continued life of a democratic society depends?

The rapid expansion of four leading newspaper chains has brought a large section of newspapers under the control of four goliaths, four huge corporations in this country. Of Canada's 95 english-language newspapers, 37 are owned by four prominent newspaper chains. This is one of the most ominous developments of our time, the subverting of independent newspapers to the power of size.

Parliament itself, the bastion of our democratic institutions, is itself in danger of being debased. To view Parliament in recent days is to see little evidence of any realization of the great challenge that faces our nation. We have seen exhibitions of political unreality, the slick phrase, political charges and counter-charges; accusations of failure now, or failures of the past administration, are apparently the substitutes for action and leadership. The Government and the Official Opposition have been re-fighting the 1957 and 1958 elections.

Perhaps this is a successful political strategy; nonetheless, the microscopic search for weakness and failure of the 22 years of the former administration is no substitute for policy, for fresh ideas, and the inspiration necessary to the survival of our democratic society.

We should recognize the challenge and put forward our goals and solutions.

The first principle, the first decision to be made, is to *acknowledge the threat* and to *accept the challenge* that confronts the Western world and above all to recognize that urgency in making our economy more effective must be the order of the day.

Without a sense of challenge and urgency, the great productive and enthusiastic effort of which the Canadian people are capable cannot be called forward.

Urgency is required so that we can set our house in order; so that we can remove the impediments to progress while maintaining the cherished principles of a free society that have been obtained with so much sacrifice.

The second principle upon which a new economy must be built is the determination to *strengthen freedom itself.* We must halt the erosion of the free press and of public discussion. We must come to grip with the *mass manipulators of public will immediately.*

Should we not discourage this avalanche of advertising by reducing the amount of expense allowed as an expense deduction in our income tax laws?

Moreover, I suggest we should take positive steps to assure that radio, television and the press are avenues of free and open discussion, that the power of bigness, the growth of chains, shall not reach the place where freedom itself and open discussion have been subverted.

That is why I have placed on the House of Commons Order Paper a resolution asking that a special committee of the House of Commons be established to enquire into this growing danger to freedom in Canada, to recommend steps that might be taken to safeguard democracy.

The third principle is the necessity for planning and direction.

I am pleased that this necessity to-day is being recognized by the business community, by labour, and by agricultural organizations.

Just this week the Canadian and Catholic Confederation of Labour, in their brief to the government, proposed the setting up of an economic planning commission that would include in it representatives of the federal government, of provincial governments, of business organizations, and of labour, farmer and consumer groups.

The purpose of this organization would be, and I quote from their brief:

"(a) to inquire into the causes of economic unrest, into the economic structures of the country,

(b) to recommend to the various governments (federal, provincial or municipal) measures to be taken to obtain full employment and maximum prosperity."

Claude Jodoin, the President of the Canadian Congress of Labour, in this city a few weeks ago, proposed the calling of a government-labour-management conference to deal with the economic problems facing our country to-day.

The fourth principle is the need for a very substantial increase in the field of public ownership.

In the developing society that I envisage, a society that could successfully meet the Soviet challenge, I see a great role to be played by every part of our economy.

We should develop the co-operative movement which is based on democratic principles, principles of self help.

There is a great role to be played by private ownership. Private ownership where competitive, where providing useful services, has nothing to fear in the kind of economy that I visualize.

In this plan for progress there is, I suggest, a need for increased public control of currency and credit.

The time has now come for an amendment to the Bank of Canada Act that would give the Bank of Canada control not only over bank credit but over the volume of consumer credit. I refer to credit which is now made available by finance companies, by instalment and discount houses.

Contrary to belief in some quarters, public ownership is often the most efficient means of industrial development. The public development of hydro-electric power, and the distribution of natural gas, have by the experience of many provincial governments proven to be most efficient.

In my own province of Saskatchewan the entry of the provincial government into the field of fire insurance on a *competitive basis with private companies* has resulted in fire insurance rates on private dwellings of 40 cents per hundred dollars of coverage, exactly 30 cents per hundred dollars lower than the 70 cents per hundred dollar coverage charged by private companies in the neighbouring provinces of Manitoba and Alberta. Public ownership in this limited way has reduced fire insurance rates in Saskatchewan by 43%, bringing an estimated saving of $6 million annually to the people of Saskatchewan. A larger and more rapid development of the public sector is necessary to arrest inflation and to reduce prices. There is also room for corporate ownership as we now know it.

Although in my view there is substantial room for the development and expansion of the area of public ownership, nonetheless, the instrument of corporate ownership with the dispersion of management and control among many companies is a safeguard against an all-powerful government bureaucracy. Corporate ownership in many areas of development gives a flexibility to our economy that is a fundamental part of our Canadian way of life.

All of these types of ownership operating as part of an over-all plan should be directed towards the strengthening of democracy, the improvement in our standard of living, the protection and advancement of the welfare of the aged, the disabled, the weak. Given the inspirational leadership, we can accept the Soviet challenge, which thus might be a great blessing in disguise.

The fifth and last principle I suggest we must accept in meeting the Soviet challenge is that of *equality*. This should be more than a slogan, this should be more than a catch-phrase. It should be the determined objective of our national government to bring about the greatest measure of equality of opportunity in the field of education, *equality for all individuals in the field of hospitalization*, medical, dental and optical service, *equality before the law*, equality irrespective of race, colour or creed.

There should be a conscious striving—*to bring about a greater measure of economic equality and opportunity,* to *remove special privilege*, to guarantee a basic Canadian standard of living to all willing and able to perform useful service, and there should be substantial income guarantees for the disabled and handicapped, and for our elderly citizens.

Absolute equality is not possible. The setting of equality as the ideal objective, though a distant one, towards which our legislation should be directed and towards which we should strive, is in the best interest not only of the weak, the aged and the underprivileged, but it is in the interest of a strong and dynamic Canadian nation. When we are building a stronger and better Canada in which ownership is restored to the people, in which freedom is the foundation of all our activities, we are building a part of a greater whole.

The good life we hope to provide to Canadians must be shared with human kind. We are our brothers' keeper. Let us build in such a way that mankind in other nations and climes will benefit. We are part of a world community of nations and what we are building for ourselves we desire for others.

Let us recognize that we are part of the larger Commonwealth of Nations, that we are part of the still larger world community of nations. *Let us declare* that what we are building for ourselves, *one day, in cooperation in brotherhood, shall be the inheritance of all mankind.*

That is my answer to the Soviet Challenge.

THANKS OF THE MEETING were expressed by Mr. Marvin Gelber.

"LIBERAL EDUCATION FOR A FREE SOCIETY"

An Address by

MURRAY G. ROSS, M.A., Ed.D.
President, York University

Thursday, February 11th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: The late Stephen Leacock once said something appropriate to this occasion: "If I were founding a university I would first found a smoking room; then when I had a little more money in hand I would found a dormitory; then after that a decent reading room and a library. After that, if I still had more money that I couldn't use, I would hire a professor and get some textbooks." I simply mention this for what it's worth, sir. There is probably more than one way of going about it.

The function of a chairman, usually, is to introduce the speaker to the audience. On this occasion it seems to me appropriate to reverse the procedure and introduce the audience to the speaker. Dr. Murray Ross, to use an old cliche, needs no introduction. He has just recently been appointed president of York University. We have known him as an experienced educator and sociologist, the author of over a dozen books and pamphlets and more articles than he can remember. For the past three years he has been vice-president of the University of Toronto, of which he was previously a lecturer, associate professor, professor and executive assistant to the president. As I said, he needs no introduction.

Your audience, sir, is the salt of the earth. In this age of topsy-turvy values all too many of us pay lip service to education but begrudge the money required for adequate schools or respectable salaries for teachers. The University of Toronto's campaign will go over the top, but it has required a tremendous effort by a very able and dedicated group of men and women to raise less than $1.00 per capita per annum from the community that the University serves. We come to meetings to hear politicians and business men, but, generally speaking, not to hear educators.

But the members here, sir, and those that listen over the radio, are different. By their presence they mark themselves as your supporters and as believers in the great enterprise of building York University. In the words of the song I start you with ten and we will do all we can to find you ten thousand more. Dr. Murray G. Ross, it is a pleasure to introduce to you a fine group of Toronto business men, the members and guests of the Empire Club of Canada.

MR. ROSS: I must first of all thank you for your interest in, and recognition of, York University, as evidenced by your invitation to me to address this meeting today.

York University is proving to be an exciting project—certainly the most interesting and exhilarating project on which I have worked. It is exciting for two particular reasons. First, because York University will have to do in ten—certainly not more than fifteen— years, many of the things that most universities in the past have taken one hundred years to do. You and I will see rising before our eyes in Toronto another great university, and such a university may symbolize not merely the physical growth of Toronto, but the intellectual and spiritual maturation of this city, as well. York University is an exciting project, also, because it seems to have stirred the interest and imagination of people in Metropolitan Toronto to such an extent that we have had many moving and generous offers of assistance. I will confess that there are a few of these which, although offered with kindness and generosity, are not very practical. (After all, even though it is undoubtedly of historic interest, York University is hardly yet in a position to house an old railway steam engine.) One of the major problems of our distinguished Board of Governors, of which the Hon. Robert

Winters is Chairman, is to assure individually and with proper grace and courtesy, all those who offer help, that we are extremely grateful for their assistance.

We are, of course, much indebted to the University of Toronto, to Colonel Eric Phillips and to President Bissell, for their help in getting us started in a way that permits us, in our early years, to be affiliated with, and draw upon the resources of, that great University. The support of government officials—both provincial and local, of newspapers, of people who would give property or money for scholarships, has been most encouraging.

My own role is, in reality, a modest one. Indeed, I find it useful to remind myself of the words of Sir Winston Churchill, who found himself in a similar, though infinitely more heroic and important, situation. He explained that his part in the British war effort was not so great as people thought: "It was the nation . . ." he said, "that had the lion's heart I had the luck to be called upon to give the roar." I, too, have been called upon "to give the roar—indeed, so frequently has the roar been required after a meal, by some groups in Toronto recently, that I have been reflecting on Lord Hailsham's words, uttered on his death-bed: "My exit is the result of too many entrées." Nonetheless, you will recognize that behind the roar, is the work of many hundreds of individuals, and it is this work that makes the development of York University possible.

You will be curious, I hope, to know what kind of an institution York University will be. At the moment I can tell you in a sentence what York is: it is a Board of Governors; it is a few desks and chairs, myself and a few teaching colleagues, and a number of heads full of ideas bursting for expression. It is a university without students, and without a library, though we will have both very quickly. So may I caution you that what you will hear from me today will be my preliminary speculation—or dreaming—about the purpose of a university, and what York University will try to do to fulfill that purpose. But may I suggest that, in our society, ideas—particularly new ideas—are the essential fuel for our progress. I recall the story of a university president who, as he was about to leave his office one night and was reflecting on the day's effort, reported: "I recalled that three different younger members of the faculty had come to me with interesting and attractive ideas of things we might do. I rejected all of them. I realized immediately that anyone who was so rigid as to reject indiscriminately all new ideas was too old for the job. I penned my resignation, which I left on my desk, and I have never since returned to that office." This lesson is equally applicable to a society; a society that is not alert and eager to consider creative thrusts of the mind, is already in process of becoming decadent.

One of the conditioning factors for York University, and one of the chief reasons for its creation, is of course the simple pressure of numbers of students in the Toronto area who will seek a university education in this and future generations. By 1970, it has been estimated that there will be 36,000 young persons in the area who will desire, and have the qualifications for, university education. The University of Toronto plans to take about 23,000 students; more than 13,000 will have to look elsewhere. These statistical estimates, made some time ago, already appear to be substantial underestimates. It now seems clear that there will be far more university students in this area than any of us had anticipated, and we are extremely slow in awakening to this fact. As I will indicate to you in a moment, York University does not intend to become a factory for the mass production of students, and it can therefore grow only with resources which will permit it to maintain proper academic standards —an appropriate student—faculty ratio, student residences, research facilities, and so on. I think we have not yet realized the cost of doing this. The Ontario Government estimate is that $4,5000 is required in capital expenditure for every university student. I think this estimate is low, but in any case, you can see the cost of building a university for 13,000 students will be approximately $60,000,000. I wonder if we are willing to make such an investment? I remember well speaking to the Deputy Minister of Education in the Soviet Union, at the conclusion of my visit there two years ago. I complimented him on the advances in education in the USSR, and he replied: "We do only what you do; but soon we will do it better." They might, but somehow I doubt it. We here are often slow to recognize our opportunities and our responsibilities; but when we do, we move with conviction and spirit, as free men always have. I do not doubt that the resources will be provided to allow York University to serve well the youth of this country.

What we now need in Canada, I think, are not only facilities for teaching more students, but greater variety of opportunity for our students. The doctrine of equality of opportunity, to which we in North American education are committed, does not mean that every student should have the *same* opportunity. It does mean that the education system should be so rich that every student of special interest and ability can find the particular institution which will nurture his ability and draw out his excellence. I think you would agree that in Canada we do not possess the range of teaching institutions to do this. If we observe Canadian universities today, we find that almost all follow the same design, providing much the same pattern of courses in arts and science, and endlessly duplicating their professional schools. We do need variety in higher education. This is true in Canada as a whole; it is particularly true in Toronto. Indeed, as most of us know, this is the only city of comparable size on this continent, with only one university.

It will be the pleasure of York University to "blaze new trails". This certainly does not mean that our existing universities are old-fashioned, or rusty, or complacent—unaware of, and indifferent to, the changes the world has undergone in the last hundred years. But any institution bears some of the marks and limitations of the ideas of its founders and early leaders; change becomes more difficult as old habits become entrenched. York will have the advantage for its first fifty years, of establishing new traditions, with few of the vested interests which inhibit experimentation. We are now at the point where the University of Toronto was much earlier, when it was setting the pattern for its greatness. The vigour and freshness of York University's views will, I hope, occasionally influence our neighbour in this city; we would gain by finding ourselves in a friendly competition for excellence with the University of Toronto.

The field of our concern will be liberal education in the arts and basic sciences, with a particular emphasis on the great ideas and movements of the last one hundred years. Our curriculum is not yet adopted, so that what I say about this is especially speculative and personal; and in any case, our ideas, when they are more definite, will not be applied until after we cease our affiliation with the University of Toronto. But may I sketch an outline of what I think many of our students will be given the chance to study?

History, philosophy, literature, the social and natural sciences, the staple subjects of a liberal education, are justified by the training they give to the mind; they are justified by the sense of harmony and knowledge of complexity—the subtle appreciation of the way things hang together, which intensive study gives us—a kind of artistic appreciation of beauty and order. But they must justify themselves, too, by the preparation which they give us for life in this chaotic world. A university cannot be an ivory tower—or a steel and concrete tower, as it is more likely to be today—sealed off from the outside world. If it does become too isolated and inbred, immune from the infections that sweep the social and political body of the world, the university will be unable to prepare men for the nature of life outside. The effect of too great isolation will, I suggest, be dangerous both for the vitality of the university and the good health of the country. A university cannot be turned inside out because the world is upside down; its courses cannot be juggled thoughtlessly to take account of passing fads; but neither can a university resign from the twentieth century and its problems. But far too many university departments have never adjusted to the modern world. They exist as beautiful monuments to a way of life that has disappeared. And far too many intellectuals in the university have, as C. P. Snow remarked in his Rede lecture at Cambridge, ". . . never tried, wanted, or been able to understand the industrial revolution . . ." let alone the present scientific revolution. A responsible university must find a place in its studies for the deep and sustained problems of twentieth-century life. As President Conant, of Harvard University, has said:

> ". . . if a university is to be alive generation after generation, the institution . . . must be in close touch with the life of the comunity which it serves. The essential motivating force behind a university's scholarly work and research, in all times and places, when universities have flourished, has been the connection be-

tween the scholar's activities and the burning questions of the day."

To do otherwise is to be unrealistic, and to prepare students for a world that does not, and will not again exist. So a first task of York University will be to use the great traditional subjects to shed light on the problems of to-day's world. We want lively discussion of the new Africa,, of Britain's economic recovery, of the United States' presidential election, of the state of the arts in Canada, of new discoveries in the natural sciences; but we want these discussions to occur in a context in which history, and geography, and philosophy, and mathematics, and literature, and sociology are used to illumine the problem. Indeed, if you watch carefully the appointments to the teaching staff at York University, you will find they are appointments in the first instance, of scholars, but in most cases, scholars who have been giving special study to the problems of contemporary society.

This is, as we are reminded *ad nauseam*, the age of the specialist. The nuclear physicist, the social psychologist, the bank economist, the cultural anthropologist, each burrows deeper and deeper into his own hole in the ground. The further he gets in, using his special digging tools, the harder he finds it to turn around and come up for air, and to meet other specialists under the common sky. And down the burrow of each, more and more side tunnels are extended away from the main one. The old jest is that specialists are getting to know more and more about less and less; but as Robert Hutchins has said, many of them are in fact learning less and less about less and less.

Within our universities, many specialists are unable to speak in a common language to one another, and can only talk of last night's television show or today's weather. This is a shocking and disastrous state for a university. No one in his right mind would today oppose the need for a high degree of specialization. But to have a specialization and nothing else, is to possess but half an education.

The major groups in the universities are the natural scientists, the social scientists, and the humanists. Each is deeply convinced of the ignorance of the other two groups.

C. P. Snow, in the lecture to which I have already referred, reported: "A good many times I have been present at gatherings of people who, by the standards of the traditional culture, are thought highly educated and who have with considerable gusto been expressing their incredulity at the illiteracy of the scientists. Once of twice I have been provoked and have asked the company how many of them could describe the Second Law of Thermodynamics. The response was cold: it was also negative. Yet I was asking something which is about the scientific equivalent of: *Have you read a work of Shakespeare's?*" This could be restated in a variety of ways to suggest the ignorance of scientists of basic principles of anthropology, or of social scientists of basic principles of mathematics. What is unfortunate is that specialization has so possessed our universities that we produce students with a limited, if not distorted view, of the world of knowledge.

One of the great myths of our day is that the universities of the Soviet Union are completely dedicated to specialization. They do provide, indeed, for specialization—and perhaps more intensively than we do—but always *after* two and one-half years of general education—two and one-half years of Russian literature, philosophy, history, dialectic materialism, and a foreign language. The result is that most Soviet specialists, regardless of their field of specialization, can provide a relatively enlightened defence of Soviet policy, both at home and abroad, and can, indeed, discuss a wide range of subjects. I do not advocate their teaching method, with its bias and tendency to indoctrination; but surely the fundamental idea that all educated men must possess knowledge of their country and its political system, must be acquainted with scientific methodology, must know something about language and literature—surely this basic idea has validity.

In any case, York University is dedicated to providing all its students with a programme of general and liberal education *before* specialization. John Stuart Mill has said, "Men are men before they are lawyers, or physicians, or manufacturers; and if you make them capable and sensible men, they will make themselves capable and sensible lawyers or physicians." It will be our aim to encourage, first of all, the development of capable and sensible men. We will seek the teacher who realizes this need; who is able to speak of his own subject in language as clear as possible; who can relate what he knows to the knowledge of his colleagues; who can take a lively and active part in a continuing debate about truth; and who can communicate his insights and enthusiasm to his students. We shall try to break down the barriers of specialization, to give to York University students a sense of the unity of knowledge. I suspect that many young persons, who have greater perception than we elders suppose, feel an instinctive desire for such a unified approach to truth. They only await our lead.

Emphasis on recent significant thought, and a general rather than a narrow specialized education, are two of our aims. A third might be to take a hard, cool look at some of the folk myths by which we guide our lives, to try to bring them into touch with contemporary reality. Some of these myths, for example, are contained in the words we use to describe our society: democracy, capitalist, free enterprise, individualist, big business; or the words we use to describe other societies: socialist, communist, totalitarian, underdeveloped, primitive. All these words have strong emotional associations which make it difficult for us to see whether they are true descriptions or not. In fact, we have many reasons to believe that all these common words are misleading abstractions. One of the functions of the scholar is to qualify words, to fill out descriptions; and this often means to debunk popular beliefs. We do not do enough of it. This job of the scholar to be a critic may appear destructive, but basically it is not. He criticizes in order to improve; he demolishes in order to rebuild. I hope that York University will soon be a lively participant in Canada's national debate.

From these reflections, you will see that I am an advocate of what is called "a liberal education". This phrase is often used and rarely defined. Woodrow Wilson, when he was president of Princeton University, said: "The object of a university is to make young gentlemen as unlike their fathers as possible". He saw that is the very essence of a university to be a hothouse of intellect and character, that a university is concerned with individual persons. It is a place where young men and women are given intellectual food, the framework of discipline, and the inspiration of wise teachers (though, sadly, there are fools among us, too), to become individuals.

If we are to be such a university, we will require more understanding by you, and others in this community, than is often given to universities. For we will be helping young people to struggle through the great questions of the day to reach their own conclusions. Inevitably, in this process, they will embrace, if only temporarily, highly unconventional ideas—ideas that may shock us all. But surely the essence of education as we know it is to encourage and nourish students in their search for truth, and to be tolerant of the mistakes they make in this process. I dare say there is not one of us here today, who has a belief or ideal that has great meaning in our lives, who has not had to struggle through doubt and uncertainty to reach that belief. Great and compelling beliefs can only be secured in this way. I ask your support in permitting York University to help students explore and experiment in the world of ideas.

Finally, we hope York University will be distinctive by the development of its own tutorial method. Each student will meet with his tutor for an academic session at least five times a year. Since the time of Aristotle, no finer teaching method has been found than this dialogue between teacher and pupil. The informality, the personal contact, the relationship of student and scholar in a tutorial session, hold promise of an enrichment of the student's life impossible in any other way. This we hope to make an essential part of our university life.

All these are brave words and bold promises for a university without students and without buildings. It may be that the opportunity will not be given to us to develop in this way. The horizon of the future is dark, and there are storms ahead. But this has always been true, and this knowledge did not deter the creative and imaginative men who built our country. It will not deter us. And a new York will rise before our eyes, and it will be a centre of learning, and it will bless those who seek truth within it.

THANKS OF THE MEETING were expressed by Hon. Robert H. Winters.

"SOME ASPECTS OF THE FREE WORLD'S CONCERN WITH THE SATELLITE NATIONS OF EAST EUROPE"

An Address by

LT.-COL. ARCHIBALD S. ALEXANDER
President, Free Europe Committee

Thursday, February 18th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Our guest of honour was born in New York City and studied at both Princeton and Harvard Universities, obtaining a law degree from the latter in the year 1931. He thereupon engaged in practice of law until 1942 when he enlisted in the army as a 1st lieutenant. He served thirty-four months overseas, in North Africa, Sicily and Western Europe in Military Intelligence and Military Government. During the invasion of Southern France he was assigned as Lieutenant Colonel and Chief of Civilian Supply Control Section at United States Headquarters in the European Theatre in Paris. For his services he was awarded the Legion of Merit, the European African Middle Eastern Theatre Medal with six Bronze Battle Stars, the French Croix de Guerre with Palm and the French Order of National Liberation.

In October, 1945, Col. Alexander was released from active duty and returned to the practice of law. However, in the year following, we find his talents diverted from time to time to public service in one form or another. In August, 1949, he became Assistant Secretary of the Army after

LT.-COL. ARCHIBALD S. ALEXANDER fires word missiles from free Europe, February 18, 1960 meeting.

THE HON. ANTONIO BARRETTE, Premier of Quebec (*left*) extends the hand of friendship to PREMIER FROST of Ontario, April 7, 1960 meeting.

short periods of service as Consultant for the State Department and the Atomic Energy Commission. In May, 1950, he was appointed Under Secretary of the Army, from which post he resigned in 1952 to run for the United States Senate. As 1952 was not a good vintage year for Democrats we are today denied the privilege of addressing him as Senator.

I will not embarrass Col. Alexander by detailing all the other positions of responsibility he has held. Suffice it to say that in February, 1959, he was elected President of the Free Europe Committee. This is a private, non-profit organization whose object is to work for the restoration of freedom by peaceful means in the satellite countries of Eastern Europe. Just how this is done will be explained by Col. Alexander himself as he addresses us now on "Some Aspects of the Free World's Concern with the Satellite Nations of East Europe". Col. Alexander.

LT.-COLONEL ALEXANDER: I want first to thank you for your hospitality, not only here, but extended through Mr. Irving Smith, who gave me a conducted tour of the city this morning. There were only two one-way streets he went up the wrong way.

Really, your hospitality started a quarter of seven this morning. I decided to take the train up in order to be sure not to be delayed by a plane and not getting in on time. I left word to be called at a quarter to eight, thinking I was going to get a good night's sleep. At a quarter of seven there was a loud knock on the door. I said "Thank you". That didn't seem to satisfy the person. He knocked some more. I opened the door and there was a very courteous but very firm gentleman in uniform. He said, "Where do you live?"

I said, "In New Jersey".

"Where were you born?"

"In New York City."

"Why have you come to Canada?"

I said, "To speak to The Empire Club".

He certainly went away highly satisfied, and very quickly.

I got back to sleep and another series of knocks. This time I was asked if I was bringing any samples.

I said, "Only verbal".

He went away quickly, too.

I also have a slight protest to lodge with you. Yesterday when I left the office my Secretary gave me a clipping from a local newspaper, with the picture of a very beautiful blonde girl. It said: "Beauty and Brains—Mrs. Shelah Courier, 24, beats out 266 applicants for job as Secretary to Frank Ogden, President of a one man business in Toronto, who advertised for a secretary to drive his Thunderbird and to be permitted to give herself a raise whenever she felt she was worth it.

Apparently that story has received a good deal of circulation in secretarial circles in New York. They want to know if it can be done that way up here, what is the matter with us.

Finally, there is one word I would like to say about the difficulties of speaking to people whom one feels one knows as well as we and you know each other. The matter of language never seems to trap you and I hope I won't say anything you take one way which I mean the other way.

There is a play in New York now called "The Drop of the Hat" in which two Britishers give skits—just the two of them consume the whole evening. At one point he was trying to explain for us, the New York audience, what the situation was in England. The job was going to be a political job. He said, "Of course we have two parties over there, really. One is the Labour Party which you call Socialist; the other is the Tory or Conservative Party, which you call Socialist." He was speaking to New York not Toronto.

Now, I would like if I may to say a little about the founding of the organization of which I am President, which took place ten years ago, and tell what it does and how it does it, and in conclusion indicate why it is a hopeful sign and why we think that we of the West are making progress against certain of the features that we don't like in the eastern part of the world.

You will remember that toward the end of the war there were understandings between the Western statesmen and Stalin that so far as the countries of East Europe were concerned there would be free elections in which those peoples would be allowed to choose their own form of government. You know that that pledge was no sooner made than broken, and that Soviet Russian troops stayed in most or all the satellites and saw to it that Communist governments took over the countries, many of which had had a long democratic tradition.

Finally, Czechoslovakia was taken over and I think that a lot of us in the West woke up. Among others who woke up was a group of important Americans—statesmen, industrialists, soldiers, teachers, authors—and they decided that they would form an organization which would try to continue to get the truth behind the Iron Curtain to the satellites—not to Russia, to the satellites, and which would seek to work toward getting freedom for those countries again.

The organization was called the Free Europe Committee, and it has also been supported principally by a fund-raising campaign called the Crusade for Freedom.

The enterprise received at the very start the blessing of the United States Government, but the United States Government does not participate in any way in its running and I want to make that distinction very clear. Mr. Truman and the people associated with him in the Department of Defence and State, gave this project as a private operation their blessing and their encouragement, and for the last seven years President Eisenhower has done the same.

In fact, six of us were in the White House and saw the President the day before yesterday in order to discuss what he will do to help us with our fund-raising campaign this year.

Now, the result of the formation of this non-profit New York Corporation has been the establishment of two main operations. One is Radio Free Europe. Radio Free Europe broadcasts to five satellite countries—Poland, Czecho-Slovakia, Hungary, Bulgaria and Roumania. The broadcasts are naturally in the language of the listeners. That means six different languages for those five countries—six groups of people who must understand the language and the country well enough to be able to conduct radio programmes to those countries. In the case of the three bigger countries the programmes last more than twenty hours a day. That is to say it is a full fledged radio operation, very much like what the B.B.C. or any of the commercial networks in the United States would conduct in their own countries, the difference being this has to be conducted partly from Munich, partly from New York, and sometimes

Paris and London are involved in programmes. The broadcasting has to be done from outside the country and against very serious jamming of our position.

In the case of Bulgaria and Roumania the broadcasts are about seven hours a day. There also the programmes are well rounded radio programmes—ten minutes of news, every hour on the hour, all the customary types of programme such as Youth, Women's, Farmers', Cultural, Music. Sundays there are actual religious services broadcast—Protestant, Catholic and Greek Orthodox, depending on the country, and there are church programmes on various evenings during the week. Then there are interspersed some commentaries or rather like editorials which discuss the news or main trend of events and give very clearly the western viewpoint, so these people who are cut off from any real knowledge by their own government, any real kuowledge of what takes place in our countries, have the possibility of knowing what we are thinking and doing.

Now, it is of tremendous importance for countries which had strong ties with the West. For example, Poland and Czechoslovakia have always looked to England and to France and to the United States in large measure for much of their culture, for many of their ideas, for much of their economic help in the past. They are cut off from that but they still yearn for it. We try to give them at least what can be done in a half hour every day in the commentary, some feeling of what we are thinking and doing.

Regarding the other operation of the Free Europe Committee, it is rather hard to describe because it is a lot of little things. We run community centers in certain Western European cities where exiles are asked to come from the satellites, if they can get out. They come and they really don't know very much about how to adjust themselves to live in the new country. There is some governmental help but it doesn't go very far. We have these community houses which are operated in conjunction with the local authorities and local citizens where the émigrées from these countries can come and find their associates, their compatriots, learn something of the language of the country where they are—it may be Munich, Paris, Copenhagen or Stockholm—and they then are if possible put in touch with people who can help them find a useful life this side of the Iron Curtain.

I need hardly stress to you how important this kind of thing is because if one single person who has come from a satellite to the West and tried the West out and then found it wanting goes back East, the propaganda effect of that in the country to which he goes back is so bad, and of course besides that there are very valid humanitarian reasons why we wish to help these people.

There will be occasions when in one of the uncommitted areas of the world there will be some signs of Communist agitation and attempt to take over. There are some of the exiles who are associated with us who are fairly well known —a former Mayor of Budapest, a former Corporation Counsel of Prague. Those people can go down to South America or go to India, and tell the people of India or South America what it was like to be in Prague or in Budapest when the Communists took over. They can do that whereas we Anglo-Saxons cannot very well do it. So it is a tremendous service in the struggle against having Communism take over the uncommitted areas that some of these exiles can do for us, and are dying to do, if we just give them a little help.

Now, I would like to mention one thing about the radio operation which is in many people's minds, and I have had so many questions asked about it. It is this, that it is sometimes said that we give false encouragement to the people behind the Iron Curtain. We have even been accused of having had something to do with the uprising in Hungary in 1956.

When a special committee of the Council of Europe was set up, we listened to all the broadcasts and came back and reported to the Council of Europe that we had not transgressed in our broadcasts, that we could not be held in any way responsible for the uprising in Hungary.

They also said it would be a good thing if this radio, Free Europe operation were closer to Western Europe, if there was more possibility of reminding the people of Western Europe that this problem of the satellites still exists and more chance to help Radio Free Europe give the West European viewpoint as well as the American in their broadcasts to the various countries. So last year we set up a West European Advisory Committee to our Free Europe Committee.

The Advisory Committee is composed of Robert Schuman and Audré François-Poncet, of France; Alistair Buchan, whose father, Lord Tweedsmuir, was very well known to you, who is a Conservative Member of Parliament in the United Kingdom; and Sam Watson who is a leading Trade Union Leader in the United Kingdom; Randolfo Pacciardi, of Italy, the major factor in preventing Communism from taking over in Italy after the war, and who served as Secretary of Defence in Italy for five years under de Gasperi; Belgium's Paul-Henri Spaak, former Prime Minister there; from Oslo, a leading newspaper man; from Sweden, a former State Senator and from Portugal, a former Foreign Minister.

This group has now met twice with us for three day sessions, once in Paris and once in Munich. It has been very encouraging to us to find that these eminent representatives, Western Europeans, are prepared to stand up alongside of us and say to the public of our country, "Yes, we think this is an important enterprise and we are prepared to help it with our advice". Their advice has been very helpful. They have made several suggestions to us which we carried out and which improve our operations.

Now, I would like to say something about the effectiveness of the operation, as nearly as we can judge it. The purpose is to keep alive the hope of freedom in these peoples of East Europe and the knowledge of what decency is in the western civilization.

Are we succeeding? Do they hear us? Do they listen to us? Well, there are various ways of finding out. Of course a traveller can take a radio and see whether he can hear the station. It is easier to travel in some countries than others, but we have good data as to the extent to which we can get through the jam and we get through in about ninety per cent in some of the cities where the jamming by the Communist Government is very severe, except for Poland. We do get through and we have various techniques of saturation whereby, particularly in the evening hours, when Bulgaria and Roumania are no longer on the air, we can give enough frequencies to Poland, Hungary and Czechoslovakia so they cannot jam us out.

Now, do people listen to us? Perhaps the best index is that last year there were ten hundred and fifty-four adverse references to western radio stations on the Communist government radio, and in the Communist-controlled newspapers. Usually the reference was a distortion of what the Western Radio station had said, but it also indicated that the Government had heard the broadcast and that the Government was afraid the people had heard it because they took the trouble to comment on it and distort it and try to refute it. Of those ten hundred and fifty-four references in the year, seventy-four per cent were to Radio Free Europe. The others were to the B.B.C., the Voice of America, and other radio stations.

We think the trouble they are taking to listen to us and to try to refute us is a clear indication that the governments of these countries think we are getting through and having an influence with the people.

There are other ways in which we know. We receive a good deal of correspondence, and particularly in the case of Poland there is much travelling back and forth, and it appears to be clear that the majority of the radio listeners in these five countries prefer to listen to Radio Free Europe.

Now, why is it Radio Free Europe rather than the B.B.C. or the V.O.A.? Both B.B.C. and V.O.A. do an enormous amount of good service to the West, to their own country, in broadcasting as they do, but the Voice of America is the official radio of the United States Government and as such there are certain Marquis of Queensbury Rules which they have to adhere to, and if a private radio station is a little franker there is no ground on which to protest to the Government of the United States. But if the Voice of America were very critical about certain internal matters in one of these countries, I think it would probably be grounds for protest.

The B.B.C. is likewise somewhat more circumscribed in its freedom than we are. There is another big difference: the Voice of America broadcasts about an hour and a half a day to Poland in Polish, and we broadcast over twenty hours.

There are many types of programmes like jazz. There is a regular jazz underground in almost all the satellite countries now. All the kids want to hear it and, if we give them a good bit of that, they are going to be listening to our station and they will therefore probably be hearing the news and other things we have to say.

I would like to make this very clear, however—the word "propaganda" is a word which is considerably misused. If our radio station does propagandize at all, it is only by stating the facts—the unfavourable facts as well as the favourable ones.

There are certain things that happen in our country that we are not at all proud of, but we feel it is our duty to report them when they happen, as we know it is our duty to report the good things when they happen. If we do make propaganda it is by adhering very strictly to high journalistic and radio standards of truth and objectivity and when we make our argument which I confess we do from time to time, for the democratic way of life, or the free enterprise system, we do by saying this in an editorial . . . this is the view of somebody or other. We do not ever distort the truth.

I have no compunction at all about having gone from the business of law into what is termed the business of propaganda. It all depends on whether the propaganda is decent.

Now, in concluding I would like to give you two or three specific instances of what we have done and then say what I think the future may hold.

Last summer when the Vice-President of the United States decided to stop at Warsaw on the way back from Russia, we got notice of it, of course, in the United States, and you did here. It was probably more interesting to us than to you, but there was a Westerner of some importance going to visit Warsaw. The Poles, on the other hand, were told very little about it, very late, and they were not told when and where he was arriving or what route he would take from the airport, or where he was going to be staying.

Well, we did find out all those details and we and the Voice of America broadcast the information to the Polish people as to where the man who happened to be Vice President of the United States would be landing and where he would be going.

I think you remember the remarkable turnout of the Polish people which was not addressed to the person, particularly, who was visiting but it was an expression, it seemed to us, of the underlying sympathy of the Poles generally for the West. It was rather a shock to the government of Poland and I am sure it was a shock to Khrushchev to find all these people were so enthusiastic for a representative of the West.

That demonstration, I think, would have been impossible had we not been able to broadcast to Poland, and it would have made a very different type of trip and it would have been used by the Communists—the small crowd which would have come out because they didn't know where he was—it would have been used by the Communists to prove that the West and Democracy was not popular with the Poles.

Now, when Mr. Khrushchev came to the United States the thing was depicted in the Russian and satellite radio and newspaper stories as unprecedented in terms of the enthusiasm of the crowd . . . no such enthusiasm since V-Day in World War II. They also said it was the most important event that had happened in North America since Christopher Columbus arrived hereabouts.

Well, we broadcast the facts about this. Perhaps the most interesting way we were able to do it was the Paris newspaper, *Le Monde* had on the same page a despatch from their Moscow correspondent telling what the Russians were being told by their newspapers about Khrushchev's trip and alongside that was *Le Monde*'s United States correspondent's report, telling exactly what the trip had been like, so the French were able to learn for themselves what they were being told was happening as compared to what was really happening.

When we broadcast that to Poland, Czechoslovakia and so forth, it rather confirmed what the people there suspect—that they are not being told the truth, and that is very important. It is very important because you have some seventy-nine million people in that row of countries beginning with the Baltic States and going down to Albania. They are seventy-nine million people who mostly have not been very fond of the Russians in the past, and generally they have real ties and sympathies with the West. I think we have a moral obligation to see that the tie with the West is kept as much alive as possible, that these people know that although we can't send armies in there to liberate them, we haven't forgotten about them and we are not going to abandon them at the summit or anywhere else.

I think it is important they should have that assurance and as a very practical matter it makes a great deal of difference to the West whether Russia has those seventy-nine million people completely subjugated and in her hand or whether those people are unreliable allies and unhappy vassals.

I think I can summarize my feeling about this better by reading the last paragraph of an article by a friend of mine called Stewart Alsop, in the *Saturday Evening Post*, the last of three articles which he wrote after visiting the satellites. He wrote:

"Communism will remain a failure even with an increasing standard of living, but the failure of Communism is not to be measured in average calorie consumption or the production of refrigerators. Its failure is human and spiritual. Through overuse and misuse, the word "Freedom" has become a shabby, tired old word in the West. (I don't agree with him.) But spend a few weeks in the countries of non-freedom, and it will become real to you again, as real and meaningful as any other word in the language. The word "Freedom" which explains why unless we in the West are unimaginably foolish and flabby, the race to which Khrushchev has challenged us is a race he cannot win."

Our job is to help us be not foolish but reasonably sophisticated in one aspect of this contest with the Communist system. I assure you we are not flabby, but I do know that we need the understanding and the help and at least the moral support of as many citizens of the free West as we can possibly get.

THANKS OF THE MEETING were expressed by Mr. J. Palmer Kent, Q.C.

"MEN, MISSILES AND MISUNDERSTANDINGS"

An Address by

GENERAL ALFRED M. GRUENTHER

Thursday, February 25th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Every once in a long while we have as our guest at the Empire Club a man whose career is legendary and whose honours and appointments are so numerous as to defy enumeration. Such a man literally needs no introduction. But does this mean he doesn't get one? As you are sadly aware, the answer is "No". In fact, the choicer the steak that the chef has provided, the more important it is that it be preceded by a cup of consomme or, perchance, a small bowl of onion soup. The wise chef, however, recognizes that the function of the preliminaries is to contribute to the anticipation of the steak, and must never be allowed to dull the appetite.

Today we have such a guest. Even to read the list of decorations which General Gruenther has received from the United States and twelve allied governments, and the honorary degrees that have been conferred on him by twenty-one colleges and universities, and the awards he has received from many societies and other organizations, would take more time than I am allowed. Suffice it to say that General Gruenther is a career soldier, a graduate of West Point, and that he reached the pinnacle of his military career in 1953 when he became supreme allied commander in Europe and commander-in-chief of the U.S. European Command. On several occasions during the war and subsequently General Gruenther was next in line to General Eisenhower. Obviously, but for a slight difference in the ages and seniority of these two great men, American policital history might possibly have been written differently. Be that as it may, General Gruenther retired from service on December 31, 1956, and immediately assumed the presidency of The American National Red Cross, a position which he still holds with distinction, in addition to many other governmental and private responsibilities which have been heaped upon him.

General Gruenther will speak to us now on "Men, Missiles and Misunderstandings". It is my privilege to present to you General Alfred M. Gruenther.

GENERAL GRUENTHER: A friend of mine is a Personnel Manager of a big concern and he had an applicant who came trying to get a job some months ago, and they found that he had filled all the technical requirements very well, so a personnel man said to him, "Now, I would like to go into some of your personal habits. Do you drink?"

He said, "No, I don't."

"Do you gamble?"

"No, I don't do that either."

"Well, do you chase around with women?"

"Oh, no, absolutely not."

"Great heavens, man, don't you have any vices at all?" the personnel man asked.

He said, "Yes, I have got one . . . I tell lies."

The reason I bring that up has no bearing on the previous speaker although I must say he stretched the truth in a very flattering way. I could have listened to him all afternoon. I am sorry that Club rules prevented his continuing.

However, my purpose today is to go into some of the problems which we are facing in this uneasy era and how you and we and all of us may make a contribution in connection with them. And to set the stage for it I would like to refer to an anniversary which was celebrated last June and has had all too little attention, and to tell you what happened on the original date I go back to the 24th of June, 1850. On that day a young Swiss businessman had come to Italy on a combination business and pleasure trip.

He put up at an Inn and early the next morning heard loud cannonading. He asked what the trouble was and the Innkeeper said, "I think a war is going on or something." He hired a carriage and went out and from the shelter of a hill he watched a war that day. He didn't know what it was. It turned out some 350,000 troops were involved. What he did know was that he saw a tremendous number of men dropping and saw very little being done in the way of care for them. He also knew that late that evening a storm broke up and suddenly the troops disappeared and nobody seemed to be doing anything about the wounded. He started moving about the battlefield and saw that actually this was the case, and he dashed back to the Italian village and brought up carts and wagons and returned these wounded men and administered to them. Many of them survived but most of them died.

He returned to Switzerland, thoroughly disillusioned over this evidence of man's inhumanity to man, and he determined to do something about it. His name was Henri Dunant, and he organized a group of Swiss, a committee, and in August of 1863, some four years later, there assembled in Geneva some sixteen nations to try to tackle this problem.

By that time they had analyzed just what had really happened and they had come to the conclusion that where the big trouble was that the people taking care of the wounded had no status of neutrality. As a result, the military commanders did not want to endanger losing them. So they addressed themselves to the first problem—how to give some kind of symbol which would be recognized. Since the flag of Switzerland is a red flag with a white cross, they inverted that flag and that became our Red Cross symbol of today.

My purpose in telling this is not so much to give the background on how the Red Cross came into existence, but to remind you of something you may not know, and that is of the sixteen nations that appeared in Geneva in August of 1863 to discuss that subject, there was one nation that did not appear, that declined the invitation. That was the United States.

If you had been in Washington on Monday, sitting in the House of Representatives, you would have heard a message read and it is customary to read it each year on Washington's birthday. It was Washington's farewell address, and in the farewell address he advises the United States very strongly to avoid all entanglements with European nations, and pursuant to that policy the United States had declined to attend this Red Cross meeting. They didn't know it was going to be a Red Cross, but to attend a meeting for this purpose. The war ended in 1865, the Civil War, and they were invited again, and again they said "No". Year after year they continued to decline until 1881. Then the United States came into the Red Cross family.

Now, a great deal of water has gone over the dam since then. And now there are eighty-four Red Cross Societies in the world and the American Red Cross plays an important part as a partner. The Canadian Red Cross makes a significant contribution.

But the change I want to refer to is the change which has taken place in United States policy in those years because now, whether we in the United States like it or not, we have had to assume a tremendous burden in connection with the future of the free world. My purpose in talking here today is to outline some of those aspects and I will be using the term "we" occasionally. I will be insulting people occasionally, and when the insults are heard, please be sure they don't refer to the Canadians. I am not trying to inweave you into being the fifty-first State. I know there are certain sensitivities in that field, so this is no subtle propaganda, but I do refer to "we" because we now have this problem, that from a security standpoint our planners at the end of World War II in analyzing the impact of new weapons became convinced that no longer could we defend the North American Continent from these shores. Our ramparts would have to be a considerable distance, and in accordance with that concept, the North American Treaty Organization came into being in April of 1949 and in January of 1951 General Eisenhower went to Europe to plan for the defence of Europe as a vital part of the defence of North America.

Now, this was nine years ago. The Alliance has prospered since then. In recent months there have been some clouds here and there, but on balance I think we must very definitely admit that the progress has been very solid and having been one who was in from the first day that concept was conceived, in March of 1948 until the end of 1956, I can assure you that those of us who were with General Eisenhower when he arrived in Europe in January 1951, can say that the progress that NATO has made since then has been much greater than any of us ever thought possible, and essentially this is one of the benefits from it, that the idea of collective security has definitely been accepted. In fact, it has spread and the United States alone now has collective security pacts with a total of forty-two nations throughout the world.

Now, the problem in exercising this good partnership is a problem which both of our countries share, and this is a problem of being able to project a correct image. We are having a good deal of discussion these days about security. I spent thirty-eight years in the military service, grew up, of course, thinking of security in terms of its military aspect, but it is much broader than that because it has in addition to a military factor an economic and a psychological factor, and the general tendency now is to talk about security in terms of the military factor. There is a good deal of discussion going on in the country to your south as to whether or not the security is adequate, and in that they are talking about whether or not the military aspect is adequate. I don't think we can be complacent about it. I think it is adequate for the purpose of preventing war. How long it will remain that way is something that we are going to have to keep alert to.

However, my purpose today is not so much to discuss the military side because that has been pretty well covered. The economic side you know, because you are the people that helped to make it an economy of the free world, but the psychological field is where I would like to dwell, because it is in this arena, this political arena, where we are by tradition and by education . . . and certainly this applies to the United States . . . ill equipped to conduct the kind of a struggle which is necessary.

To start out with we have the job of creating the impression among the free world that we have the qualities to give the kind of leadership and partnership which the free world needs, and we start out with certain disadvantages.

We start out with the disadvantage in the standard of living. Let us take the case where I was a little over two years ago—India—a country with a population of over four hundred and ten million, a life expectancy of thirty-two years, as against ours in both of our countries of between sixty-eight and seventy. In India they have an average annual income of about $58.00, and in our two countries it is between $2,000 and $2,200 a year. This tremendous gap between the haves and the have-nots tends to focus a great deal of envy and jealousy in our direction and unless we are able to change that we can be in real trouble.

Now, your first thought is I have used India and there is a great deal more to the world than India. That certainly is true. The population of the world now is about two bllion eight hundred millions, but of that two billion eight hundred million there is a segment of about a billion four to a billion five that have roughly the same economic status as India—a little bit more, a little bit less—and if we should lose a significant number of that billion four, we've had it, regardless of all the guided missiles and atomic weapons that we may be able to amass.

I am not trying to downgrade the importance of the military. In order to have an adequate security we must have a good firm military posture, but that alone is not sufficient. Then the question is, what do we do about it? How do we become equipped to be able to discharge the responsibility which we have in the so-called political or ideological struggle?

I think first of all it requires a great knowledge of other cultures and civilizations and the United States, by tradition, really has not concentrated on that. As for Canadians, you will know whether or not they have. I make no comment on that. As a part of it, in addition to learning more about them, so we can convince them our concept of liberty is the same as their's, we have the job of communicating with them and as an element of communication comes on one side, merely as a factor, the question of foreign languages. As one of my extra-curricular duties in Washington, I am on the Advisory group of the Foreign Service Institute. So you know what that means. When a young man or a young woman in the United States decides to go in the diplomatic service he takes an examination. If he passes that examination and there is a vacancy, he is then brought into the Foreign Service Institute which is run by the Department of State, and he takes a four months course. At the end of four months these people are sent to the twenty-eight corners of the world. Obviously, anybody with that kind of motivation surely must have a knowledge of foreign languages. The facts are within the last four years, of the people who qualified in every respect, fewer than thirty per cent of them had any foreign language facility. As a result, the State Department has been obliged, it has felt obliged at any rate, to eliminate the foreign language requirement and now the people come in with or without it, depending on the luck of the draw, and are required to learn the foreign language after they are in the foreign service. This may work. It hasn't been tried long enough but it is a very, very difficult way to run a railroad.

As you look at the other side of the hill, and move in the Soviet field you find there are ten million people that are now studying English. There is not a country within a thousand miles of any of the boundaries of the Soviet Union that speak English. Why do they do it? They have to do it, basically, because of the system that they have. You can't become a filling station owner in the Soviet Union, you cannot become the owner of a haberdashery, a store or a theatre . . . all of these are handled by the State. So your chance for advancement is to excel in certain skills—engineering, science, languages and other skills.

We who come from what we call a free enterprise system, we are inclined to believe that we give the incentives, and that in a totalitarian dictatorship those incentives do not exist. But they *do* exist and these young people are urged, because that is the only field in which they can excel, and this starts with a tremendous orientation background, beginning at the age of six. They have various youth organizations. Starting at the age of six, they have a youth organization called the "Young Oktobrus". At the age of nine, the "Young Pioneers". And at the age of fourteen they go into a very sophisticated group, the "Comsomal", and from this group the members of the Communist Party are elected.

Although the Soviet Union has a population of two hundred and ten million, Mr. Khrushchev here a few months ago in one of his talks made a reference that runs something like this. He said, "Comrades, we have in the Soviet Union eight million people who are dedicated to the sacred ideology of Communism." He was talking about the eight million members of the Communist Party. They could have eighty million members if they wanted it. They have limited to eight million because that is the final notch on the ladder after a struggle, a contest beginning at the age of six. This creates a tremendously dedicated and fanatical group and a very formidable one from the standpoint of the free world, whether we think in terms of a hot war which I think we are going to be able to avoid, or think in terms of a continual ideological struggle, which I do not think we are going to be able to avoid.

To give just one aspect of this. One of my last interviews before I left SHAPE, and this took place in November 1956, was with a young German— not young, about 36 or 37—who had been a Lieutenant-Colonel during the war and who is now a newspaper reporter. In questioning me I found he was extremely pessimistic, and in questioning him I found out that he had fought with the German Army against the Soviet throughout most of the war. The Germans were, by and large, better equipped, better trained and generally all round better troops. Time after time he saw the German troops being forced back because the Soviets were willing to take casualties. They were forced back because of an iron discipline, and here was this man in November of 1956, saying, "I just don't think that we can compete successfully with this kind of a group." He said, "We in Western Germany are softer and you in the United States are probably softer still."

I don't agree with him on his conclusion, but I do agree with him that the question of discipline and developing individual responsibility is an extremely important part of our heritage and of our strength and another element is this question of dedication to service. Whether we like it or not the Soviets—many of them are doing it in the tongue-in-cheek method, no doubt about that—enough of them belive in it with fanatical zeal that it gives them a very tremendous element of strength. I think that we . . . and I refer to both of our countries in this . . . have got to be more dedicated to service than ever before.

It was for this reason I was delighted to become associated with the American Red Cross, because it is, as the Canadian Red Cross is, an organization devoted to service and primarily voluntary service. I think the development of this voluntary spirit, whether the Red Cross or any other organization, is of tremendous importance if we are going to move ahead. Incidentally, on the Red Cross, I have seen the Red Cross in action a great deal in war and in peace—the American Red Cross, particularly—and in our own family we have had a personal incident that has made us more dedicated than ever to it. In June of 1950, our younger son married a Red Cross girl in Japan, and six days later the Korean War broke out and she didn't see him again until he was brought into a Tokio hospital on a stretcher with a bullet wound through his lung and his liver. We didn't know, but his life hung precariously in the balance for four days, and two years later the Doctor who attended him told me that four Red Cross blood transfusions made the difference between life and death.

I should give the end of the story. There are now six little Red Crossers, and as for Dick himself, he was a paratrooper when he was hit. He is still a paratrooper and so tough now that he frequently forgets to put the parachute on and it seems to make no difference at all.

I was distressed when I read when I came in yesterday afternoon in the local press that the Canadian Red Cross is in trouble financially. I am not here to pass the hat, nor have I had any suggestion from the Canadian Red Cross that I mention this, but I do want to tell you that we feel that the contribution made by the Canadian Red Cross, and especially in the international field, is tremendous.

We may not all know it, but these eighty-four Societies belong to what is called the League of Red Cross Societies, and the man who is elected as President of the League of Red Cross Societies last October in Geneva is Mr. John MacAulay of Winnipeg, a man who is going to give very great leadership.

We follow with a certain amount of envy the Canadian Red Cross, because the American Red Cross spends a great deal of its time even in peace in serving military people, and military people have a way of sometimes griping. During the last war there were many, many gripes, and when I came in I hadn't realized this, so I spent a good deal of time tracing down these gripes. Ninety-five per cent of them were inaccurate, although one of them in particular that a veteran made was that the officers stole all the girls during the war. The more I researched that the more convinced I am it was true, it is still true, and continued to be true, and I don't know how to handle it.

On the question of gripes and their inevitability, I sometimes think of the Murphy family, Pat and Bridget. Pat would get his pay cheque at the plant each Friday and he would stop and have a drink or two with the boys before he would come home. Sometimes when he arrived home Pat was not in too stable a condition, and on one occasion he actually raised his hand against Bridget. At that point Bridget went to see the Catholic priest and told him that she was going to leave Pat. She told him what had happened and the priest counselled her and he said, "Now, Bridget, probably you were not very nice to Pat when he came home." "And why should I be nice to him?" said Bridget. The priest finally calmed her down and he said, "Now, Bridget, when he comes home next week, please be nice to him and you will find it will be considerably different." Pat did come home the next week, still high. Bridget was very patient. She took him in and got his slippers and everything, and then she said, "Now, Pat, will ye be after havin' a drink?" Pat said, "Faith an' indeed I might as well, 'cause I'm goin' tae catch the devil when I get home anyhow."

So I suppose that a certain number of gripes are going to be inevitable, but we are doing everything we can to remove them and the closeness with which we work with your Society is always an extremely favourable experience with us. I know that in the general field of Canadian-American relationships there is sensitivity. I know there is a feeling that perhaps the Americans take your for granted.

I would like to tell you of my own experience. I came from a little town in Nebraska where there were 375 people and when I was born it made 376. Twelve miles away from us was a town by the name of Columbus. Columbus at the time I was born had a population of 5,000; it now has

15,000. The little town where I was born still has 390. I grew up in an atmosphere of "Columbus is always taking us for granted". And they were.

I came from Nebraska, the most intelligent State in the Union—the other States are taking us for granted and never paying any attention at all. I quite agree. I think the United States does take you for granted. I think you ought to raise the devil with them and fuss at them every now and then. But at the base of it all, whether they do or do not take you for granted, I am sure I can speak with no question of doubt that they have a very great affection for you. Our relationships in NATO where I had a great deal to do with the Canadian Forces was extremely favourable. I know that in a country where you may consider that you are a small country compared to a country like the United States that there is a tendency to feel that your contribution is not appreciated. That is not correct.

First of all, your material contribution on the military side and on the economic side has been extremely substantial, and from a standpoint of psychological impact it has had a very, very great effect on the NATO alliance, and the help that you have given in other parts of the world and for that I congratulate you, and I am sure with the alliance having made these strides that you will continue that dedication.

I have pointed out certain of our shortcomings. I have pointed out certain strengths on the other side. I do not want to give you the impression that I am pessimistic over this. Before I end those comparisons, though, I would like to give one that relates to the United States.

This is a story that appeared in the New York Times about a month and a half ago. As you know, when our young men come into the service they go to training camps and are referred to as trainees. A New York Times reporter was making a survey of the quality, the determination, the sense of responsibility of young men coming into the military. He got to one camp and the fellow had about five thousand under him. This was his impression. "The legs of the basic trainees we receive here are more accustomed to pushing accelerators than to walking. I have yet to see or hear a single one of them say that every man owes his country a duty. Not once have I seen a drop of patriotism in any of these kids. The rights and privileges they know well, but not their duties and obligations."

Well, I don't buy this completely. This Colonel had a bad cup of coffee that morning and maybe a fight with his wife, too. But there is something to this. Just how much is something for each of us to evaluate.

The thing I am hopeful about is that you as leaders in your community, leaders in a free enterprise system . . . whether you like it or not are capitalists, because that is the way Mr. Khrushchev addresses you, and he is determined that Capitalism must disappear from the earth. He says it is not going to disappear by military means, but it is going to disappear by others, and some of you will be hard pressed finding a job under Mr. Khrushchev. So this is your problem and one that I think you can help, in developing first of all a greater understanding of other people and doing everything possible to develop a sense of responsibility among our people from soldiers down to youngsters, as you see the opportunity.

Having said this, I want to be sure that you do not understand what I have said to indicate that I think the balance of power is changing in either one of the three fields, either the military, the economic or the psychological. To punctuate with an illustration, I would like to tell of an incident that happened in Germany in September of 1958. First of all, you know that between West Germany and East Germany there exists what has been referred to as an Iron Curtain. What it actually consists of is rows of barbed wire, three of them. That boundary with all its zigs and zags runs about eight hundred miles—about twenty-four hundred miles of barbed wire. If you had to buy it it would cost you twenty-four hundred miles of barbed wire. Somebody has put in twenty-four hundred miles.

There is one hole, one they haven't been able to fence over, that is between East Berlin and West Berlin. The reason they can not fence that over is because about fifty thousand people go back and forth every day.

With that understanding, I come to my incident. This was to be the four-hundredth anniversary of a great university, the University of Jenaer, to take place in the latter part of August of 1958 in the Communist side of Germany. Four days before the anniversary . . . remember, this is a tremendous event in the life of a university . . . four days before the Rector of the university, a man sixty-seven years old, and his wife, decided to flee to the West because they felt that the celebration was going to be a Communist exploitation.

Here is what they did. They bought two tickets, still in the eastern zone but beyond Berlin. When they arrived in East Berlin, they had this problem: could they leave that train and could they walk about fifty yards? If they could walk fifty yards could they get in the subway that would carry them about two miles? If they could they would then be in West Berlin and in freedom. So very calmly this man and wife with two little bags, representing their whole life holdings, walked with these tiny airplane-sized bags. They did get to the subway, it did move, and they were in freedom. But everything they had in the world was in these two bags. I tried to find them when I was back in Germany last September but I couldn't. I think I didn't have enough time because I think they are findable.

I mention this because Mr. Khrushchev is now, today in Indonesia, but whether he was in Indonesia, or in Burma, or in India, or in Russia or in the United States, he freely predicts that our grandchildren . . . and in the Gruenther family we have thirteen so it means something to us . . . our grandchildren are going to be living under the Socialist system—of Communism. But he faces a tremendous disadvantage, as he preaches that paradise on this earth is going to be found in that kind of society, in explaining why it is necessary to have three rows of barbed wire to hold these people in, to prevent them escaping. He has difficutly in explaining why in addition to that couple in 1958, two hundred and eight thousand others came through that hole, and of the two hundred and eight thousand, nine hundred were doctors, twenty-two hundred of them were school teachers. None of them came because of economic reasons.

This, as it is an element of weakness for him, is an element of strength for us if we are able to take advantage of it and to cash in and utilize our assets. This I feel we can do if our people understand that the struggle is a broader one than just in the military field.

You may say I am an optimist in predicting that we can handle this. If so, I plead guilty to that charge. But I like to feel that I have more than optimism, that I have faith in our religious civilization and the doctrine of the freedom of the individual which stems from that concept, and if we can continue to make progress in being more dedicated to that, and at the same time increase our knowledge and develop an understanding of other peoples, I am absolutely certain we can prevent a hot war from occurring, and more than hold our own in the current struggle which is in process.

It has been a great pleasure to be with The Empire Club. I wish you all kinds of success in your daily businesses, and I hope that the relations between our two countries will continue to remain very strong. Good Luck to you, and thank you kindly.

THANKS OF THE MEETING were expressed by Mr. Paul Hellyer, M.P.

"THE IMPACT OF AIR TRANSPORT ON WORLD AFFAIRS"

An Address by

SIR GERARD D'ERLANGER, C.B.E.
Chairman of B.O.A.C.

Thursday, March 3rd, 1960

CHAIRMAN: The First Vice-President, Mr. Alexander Stark, Q.C.

MR. STARK: We are signally honoured today in the presence of Sir Gerard d'Erlanger, C.B.E., Chairman of the world famous B.O.A.C. Two days ago Sir Gerard flew directly to Toronto from England to inaugurate the new Jet Comet Service; and to announce as well the joint schedules worked out in close cooperation with our own Trans-Canada Airlines and the B.O.A.C. Thus begins a new era in air travel, linking our City with the country that we still proudly call our Motherland in the amazing time of 6 or 7 hours. It is most fitting, therefore, that The Empire Club of Canada should do honour today to this great leader.

Sir Gerard, who is still in his early 50s and is himself a qualified pilot, has been flying for 32 years. He was educated at Eton; was admitted as a Chartered Accountant in 1933; and was a member of the Stock Exchange for five years. But the movements of the Stock Exchange, whether up or down, were not for him. Twenty-five years ago he became a director of Hillman Airways; and when in 1935 that Company was merged with other operating Companies to form British Airways, he was appointed a director of the new Company. This Company soon developed routes from the United Kingdom into Europe. Then in 1939 British Airways and Imperial Airways were merged into B.O.A.C. and in 1940 Sir Gerard joined the Board of that Corporation.

Our guest played a vital role in the past War. As the war clouds gathered, Sir Gerard was asked to found and create an organization to ferry military aircraft and to undertake auxiliary air transportation in the event of war. This organization became known as the Air Transport Auxiliary and for six years Sir Gerard was its Commanding Officer. At its peak period its personnel included over 800 pilots and it was responsible for the delivery of more than 350,000 military aircraft. Throughout the War our guest continued as an active pilot of all types of military aircraft.

Sir Gerard was a founder of British European Airways and was its first Managing Director. Since 1954 he has occupied his present responsible post as Chairman of B.O.A.C. as well as holding other important industrial and commercial posts. He received his Knighthood in the 1958 New Year's Honours.

You will be interested to know that not content with flying through the air, his chief hobby and recreation is sailing on the sea. Our guest is married and has one son and two daughters.

And now it is with great pleasure I introduce to you Sir Gerard d'Erlanger, who will address us on the subject "The Impact of Air Transport on World Affairs".

SIR GERARD D'ERLANGER: At the risk of possibly stating the obvious, I have chosen this title for my talk today because I don't believe that any of us fully appreciate the way in which air transportation has developed and how it is affecting all our lives particularly in the Commonwealth and the free world.

Taking individual examples, first, I was privileged to attend a lunch on the 18th of February, given by the Lord Mayor of London in our famous Guildhall to do honour to:

H.R.H. Prince Philip Duke of Edinburgh
Their R.H. the Duke and Duchess of Gloucester and
H.R.H. Princess Alexandra of Kent.

This was a very special occasion becauese the purpose of the function was to enable the people of the City of London, through their Lord Mayor, to pay tribute to those members of the Royal Family in respect of their extensive journeys throughout the Commonwealth in the preceding months. Travelling largely by air (and incidentally also largely by B.O.A.C.) in a relatively short space of time individually they visited countless places throughout the Commonwealth, including many in Canada, a diversity of places and journeys it would not otherwise have been possible to cover. During the course of his address Prince Philip said:

"These journeys were nothing if not human and personal occasions. I believe," he continued, "that the thing is that we remind people of ideals which they respect and admire—I think that on these occasions they generously ignore the blemishes of our history and only remember the best." Prince Philip was simply stating that it is personal contacts that really matter and air travel makes personal contacts ever easier and speedier.

Take another series of notable and very extensive journeys undertaken last year to great numbers of places in Europe and to the East by the President of the United States in the space of ten days on two journeys. How otherwise than with the advent of air travel would it be possible for the Head of the United States to see and hear, be seen and be heard by such a variety and multitude of people, with the obvious result of better understanding.

During his visit to London in a broadcast, President Eisenhower made this statement, which I believe to be significant and fundamental:

> "I like to believe that the people in the long run are going to do more to promote peace than are Governments. I think people want peace so much that one of these days Governments had better get out of their way and let them have it."

This is a clear statement which in my opinion reflects the situation which Governments have achieved; maybe they had no alternative but we at home have recently been informed that the best we can hope for under present circumstances is four minutes warning of our impending doom, and

I don't suppose you over here have many more minutes notice coming to you.

Now people can only promote peace by getting to know each other, by understanding each others' problems and viewpoints. We are not all alike and there is no use pretending otherwise, but at least by contact, conversation and observation at first hand we can get to a point of understanding and respect which no amount of printed material can achieve, and this again is where air transportation is revolutionizing the scene.

Some 100,000,000 people travelled by air last year, excluding U.S.S.R. and China for which we have no figures, and yet we are probably only on the threshold of the air age.

Incidentally, on the subject of the U.S.S.R., surely the endless and world-wide journeyings by air of Mr. Khrushchev must help to make for better understanding and the removal of misunderstandings and whilst he keeps travelling and talking there is hope.

Now why do I say that we are only on the threshold of the air age? In the past twelve years the growth of air travel has been phenomenal. We in the air transport industry employ certain technical terms for measuring size and growth and one of them is "passenger miles". This is a term with which you are probably quite familiar, but, if you are not, I should assure you that it does not represent—as the uninitiated might suspect—the distance our pasengers would stretch if laid out end to end! "Passenger miles" are—passengers times the distance they fly—and are a realistic yardstick in making comparisons and assessing progress. Well, passenger miles in these past twelve years have increased nearly six times over. Yet I say we have hardly begun. I believe that the jet era we are now entering will for two main reasons stimulate air travel more than anything we have known. These are the ease and comfort of jet air travel and the promise they bring of being able to extend ever lower fares to ever broadening groups of people. Air fares have not followed inflation; air fares are now in many instances cheaper than in previous years.

Yes, the public has hardly begun to taste the fruits of flying. Here in your great country of Canada you have appreciated more than many people how the speed and versatility of the aeroplane can be exploited to conquer distance and terrain. I am sure you must be particularly proud of possessing one of the Commonwealth's largest and leading airlines—Trans Canada Airlines—and it gives me great pleasure to refer to the agreement of association that B.O.A.C. has made with its old friend.

As from the first of this month that new association will ensure the fullest co-operation between our two organisations. It is an agreement designed to be not only of material benefit to both of us but also to appeal to the interests of all air travellers as well as those who send their goods by air.

For B.O.A.C. the first of March was also a very special occasion for another important reason. On that day we inaugurated our first service to link Toronto with the United Kingdom, and, of course, from thence on to our vast aerial network extending to the continents of Africa, Asia and Australasia. You can now fly on all our routes from here on our Comet 4 jets like the one which brought me here, as well as our Britannias. We are happy that, by giving this new service to Toronto, we have forged a link between the centre of industry in Canada and the heart of England's industrial north for now it is possible to travel with us between several great cities in our two countries . . . London, Manchester, Glasgow, Montreal and Toronto. Such a service must surely play a great part in strengthening the bond of friendship that already exists betwen Ontario and the United Kingdom.

We airline people are essentially what is called today "forward looking", thriving on progress, impatient for more, yet at a time when we are celebrating the forging of the first jet link by a Comet airliner between London and Toronto, I feel that it is appropriate to look back for a moment and especially to recall that Canada was the scene, just over 50 years ago, of the first powered flight in the Commonwealth.

On 23rd February, 1909, John McCurdy, a British subject, wrote a page of Canadian history on an ice-covered bay in Nova Scotia with a flying machine called "Silver Dart". McCurdy flew for three quarters of a mile at a height of 60 feet. In doing so he introduced to the Commonwealth not only an epoch-making flight but also the tricycle undercarriage and the aileron, which even today are considered by many people to be Canada's greatest contribution to world-wide aviation. On 24th February, McCurdy flew the "Silver Dart" again, this time making a flight of four-and-a-half miles. The following day he flew a very creditable 20 miles in a single flight and in the weeks and months that followed he went on to make about 200 successful flights. But, on 2nd August, the "Silver Dart" met its demise during a landing in the soft sand at Petawawa, which caused the aircraft to flip over. It was completely written off, but it and its pilot had made a proud contribution to the birth of Canada's air tradition which has been nurtured to such tremendous effect in the past 50 years.

Yet it was not really until World War I was well into its stride that the potential of the aircraft as a weapon of war was fully realised. The needs of war stimulated development to such an extent that in 1919, very soon after the war was over, the first regular daily international air service was started. It was British and linked London and Paris. By now it was apparent that a great future lay ahead of air transportation. In 1919, on the 14th of June, the first transatlantic crossing by air was made by those British immortals, Alcock and Brown. They took off from Newfoundland, now part of this great country, in a twin-engined biplane, and landed 16 hours 27 minutes later in peat bog in Ireland. Their cruising speed was between 90 and 100 m.p.h.

Today a B.O.A.C. Comet can make the crossing from Newfoundland to the Irish coast in just under four hours travelling at a speed of some 500 m.p.h. at a height of eight miles. Again, however, there was quite an appreciable lapse of time—18 years—before, in 1937, Imperial Airways, one of B.O.A.C.'s parent companies, launched the first experimental, commercial trans-Atlantic flights with modified Empire Flying Boats at the same time as Pan American Airways started their service with Clipper Ills. Those two flying boats, which could cruise at about 130 m.p.h., passed each other, going in opposite directions, in mid-Atlantic in the early hours of 6th July, 1937. But, it was not until a year later, that a commercial load was carried across the Atlantic by Mercury, the top half of a composite aircraft. The load included a half a ton of special films, photographs and newspapers depicting a Royal visit to Paris and it was delivered from London to Montreal and New York.

Again, it was a war that was to provide the great impetus that enabled the aircraft industry to out-pace itself and again Canada figured in a great British air enterprise. Shortly after the start of World War II B.O.A.C. began to operate the great Atlantic ferry service out of Montreal. The first formation of bombers built on this side of the Atlantic crossed over to the U.K. in the autumn of 1940 to be the forerunner of a steady stream of aircraft crossing the Atlantic in both directions. Then, in 1941, B.O.A.C. started the first return ferry service to this country with converted Liberator bombers.

Since the end of World War II there has been an amazing increase in trans-Atlantc air travel and last year more than one and a half million people made the crossing by air. They owe much to the men—including some notable Canadian pilots—who pioneered the first regular year-round Atlantic air service in the dark, challenging days of war.

Yes, more than a million and a half people flew the Atlantic last year. Yet we were only just entering the jet age. After all, it was only in the autumn of 1958 that the first pure jet two-way crossing of the Atlantic was made when a B.O.A.C. Comet 4 linked London and New York.

Now the big jets are coming along fast with their great size, range and speed they are perfectly suited to the ocean crossing, they will, inter alia, bring London within seven hours flying time of Toronto. In fact, it has become one of the simple facts of life that no two great cities of the world need be more than 36 hours jet-time apart.

I hope by now I have made it clear why I chose as the title for my talk "The Impact of Air Transport on World Affairs". This impact is terrific and is affecting all our lives whatever our walk of life may be, whatever our occupation may be. Heads of State now make a habit of visiting each other and seeing the people of distant lands. Refugees are taken in a matter of hours away from their misery to pastures new; mail-freight—of every kind—moves quickly around the globe; places which otherwise would be quite inaccessible are opened up, as you in this vast country of such immense potential can testify by much experience.

One of the most striking examples of this sort of development is to be found in Brazil, where they are building their new capital, Brazilia, way in the heart of their country. The only access is by air and, though I have not seen it, I am told that all materials for the construction of this remarkable new city are being flown in. The Brazilians, incidentally, provide a shining example of an imaginative and energetic people seizing the opportunities that the aeroplane has given them for by-passing the natural obstacles to other forms of transport in developing a vast country. They will tell you their transport system has progressed almost directy from ox-cart to aeroplane. Sweating it out in one of Rio's famous traffic jams, one is inclined to have momentary doubts about that statement, but they evaporate in face of what seems virtually a continuous stream of aeroplanes leaving and arriving at Brazil's airports.

On a personal note, jet travel enabled me at the end of January to leave London on a Monday evening and arrive for a cocktail party in Santiago in Chile Tuesday afternoon. A few days later I left Buenos Aires after breakfast and dined in New York. These sort of journeys enable one to make personal contacts that otherwise would be quite out of the question.

What they do to the human frame is another matter. I used to have one—now I have an air frame! Personally I find the physical effects entirely pleasurable and see no prospect of the human body failing to keep up with the march of technical progress in civil aviation. Sharp, rapid changes of climate and clock time seem to be accepted fairly readily by our bodies. No, it is our minds that must be attuned to jet age travel. I find it a fascinating contradiction of flying today that the jet-powered aircraft flies so smoothly, so fast, so high and, often, so far without making a stop that one is barely conscious of having travelled at all. It frequently requires a determined effort to forget where I have come from and to remember where I am! The human mind needs to be alert and active to adapt itself to radical changes of environment, custom, and people, in so short a time.

This is a situation I find entirely stimulating and subject to no dangers but complacency and lack of imagination—two characteristics of which we in aviation at least can hardly be accused, no matter what our other faults may be. On the subject of safety, it is now ten times safer to travel by air than it was ten years ago—it has been said "you are more likely to die being kicked by a mule than in an aeroplane."

Civil aviation has become an integral part of modern life, speeding decisions and actions by enabling men, mail and materials to move around the globe at very high speed.

Air transport can sustain prosperity where it is found and can promote it where it does not yet exist. But, if air transport helps to promote world economic improvement, that improvement will also reflect back on air transport for, with a wider spread of wealth, air travel will certainly increase. Large numbers of people who have the money but cannot afford the time to travel slowly, are now being offered the chance to visit their friends and relatives and places of interest in faraway lands.

The main hold-up to the extension of air travel is the economic one—that is the ability or willingness of passengers and shippers to afford the pasenger fare or the freight rate which the operating costs of air transport make it necessary to charge. Meanwhile, the economic aim of the air transport industry must be to bring cost down to levels that can be afforded by more people. From the cargo point of view, the jetliners of the 1960s are likely to bring substantial increases in the volume of freight holds and carrying capacity. It is therefore very necessary to adapt cargo handling arrangements to the jet age. All airlines are at present carrying out an overhaul of warehousing techniques and research into the possibility of greater mechanisation in order to speed cargo handling and loading.

Looking ahead Britain is now actively studying the problem of supersonic travel. This encouraging news has come from the Minister of Aviation, Mr. Duncan Sandys, who has indicated that the British Government is prepared to back the study of a supersonic civil airliner. Such an aircraft would complete the North Atlantic crossing in a very short time indeed, maybe in even two hours. A project of this kind would obviously have tremendous prestige value and would vastly speed up communications.

These are all aspirations with which Canada should be, and undoubtedly will be, intensely concerned. In the years since McCurdy's proud pioneering, Canadian interest in aviation has grown to such an extent that Canada is now among the five leading aircraft producing countries in the world. There are today approximately 7,100 scientific and engineering personnel in the industry and its associated companies in Canada, a considerable part of the country's total scientific potential. Directly and indirectly more than 100,000 people are engaged in the Canadian aircraft industry.

This interest is reflected and maintained, as you know, by bodies such as the Canadian National Research Council in Ottawa and the Institute of Aerophysics at the University of Toronto. The Council maintains laboratories for research into problems concerning turbo-jet engines, icing, fuels and hydraulic fluids. The Institute, looking further into the future, is investigating the problems likely to be encountered in supersonic flight. It is also receiving grants from the Canadian Defence Research Board to carry out detailed studies in boundary layers and heat transfer problems in supersonic flow.

In closing let me look back once more for a moment to get this matter into perspective. About 450 years ago, long before this Continent was discovered, the great thinker, philosopher, painter and engineer, Leonardo da Vinci, was drawing up a specification for an aeroplane. He wrote:

> "The movement ought always to be above the clouds so that the wings may not get wet. Also, so as to escape the danger of gusts and eddies of winds among the mountain defiles and if moreover the machine should be overturned you will have plenty of time to turn it back again."

There was then an interval of 400 years during which, air-wise, nothing much happened. But how we have made up for lost time within this century as demonstrated today as we celebrate these two aviation milestones—the new Anglo-Canadian commercial air agreement and Toronto's first jet air service. I hope, in fact I know—that these achievements that have brought us together in this room today will also bring our two countries, and their peoples, even closer to each other than they already are. I am sure that, as milestones, they will mark for the future a stage in the further linking up of the common bond and interests of our two great countries and a further material step forward in Commonwealth co-operation.

THANKS OF THE MEETING were expressed by Mr. Henry R. Jackman.

"THE SOVIET CHALLENGE IN ASIA"

An Address by

LARRY HENDERSON

Thursday, March 10th, 1960

CHAIRMAN: The First Vice-President, Mr. Alexander Stark, Q.C.

MR. STARK: There may still be some hardy individuals who refuse steadfastly to acquire a television set. If there are any such, and the number must be very few, it is possible that the name "Larry Henderson" is unknown to them. But apart from that very select few, Larry Henderson is known to us all for the clarity and brilliance of his reportin. In the varied fields of radio and television communication in Canada, he has played a very important role.

A native of Montreal, Mr. Henderson attended McGill University, and did further study in international affairs in England and in Switzerland. During World War II he served in the Canadian Army Signal Corps in Italy and in Northwest Europe. In 1945 he returned to Canada to pioneer and head Canada's first foreign radio news coverage, which eventually developed into a daily syndicated commentary sponsored on 24 radio stations. He was the first Canadian Broadcaster to cover the Korean War. He was accredited to General MacArthur's headquarters and he toured Formosa, Japan, Hong Kong, Indo-China, India and Yugoslavia, reporting to Canada from all of these areas.

In the intervening years he has travelled widely; but, of course, it is as C.B.C.'s Television Newscaster that he is best known. In 1956 he pioneered the first television news-cast abroad with sound film, bringing back interviews with King Hussein of Jordan, Prime Minister Ben-Gurion of Israel, and other controversial personalities. Since then he has covered the Suez Crisis and visited many countries behind the Iron Curtain, including Russia, China and Soviet Central Asia. His work has drawn plaudits not only from his radio and television audiences but his fellow journalists as well.

Larry Henderson married Joan Annand in 1949. He tells me they have two young sons who, in their own way, make life at home almost, if not quite, as exciting as in the numerous countries he has visited.

Our guest has chosen a subject which he is fully competent to discuss and one which I know will prove helpful and interesting to us all. I present to you Larry Henderson, speaking on "The Soviet Challenge in Asia".

MR. HENDERSON: Whenever I face a battery of microphones like this, I am reminded of the time I tried to procure a microphone in Russia. One of our microphones belonging to the sound-film equipment I had brought to the Soviet Union had been damaged in transit. I searched all the retail electrical stores in Moscow without success. Eventually I told my friend Dan Schorr, then Moscow correspondent for the Columbia Broadcasting System, that I did not think they made any high grade equipment in the Soviet Union.

"Don't you believe it," he said. And he told me about the microphone that he found concealed in the air ventilator over his bed. It was so tiny and sensitive that it didn't have any magnetic field. "They have them alright! They're just not in the stores, that's all!" he said. When I think of that, I am glad, at least, that in Canada all our microphones are in view! I hope we always keep it that way.

You have invited me to come and talk to you about the Soviet challenge in Asia at a time when the Communist economic threat is assuming ever greater proportions. Within the past few weeks, we have watched Premier Khrushchov's remarkable progress across Asia, scattering largess wherever he went. In India he left nearly three hundred million dollars in credits, in Indonesia another two hundred million or more, even a hundred million in tiny Afghanistan. All this, in addition to another two hundred million a month ago to Egypt for the purpose of completing the Aswan Dam—not to mention the hundred million Mr. Mikoyan advanced about the same time to Cuba, on this continent.

Soviet development of the underdeveloped countries is assuming the proportions of a major political assault on the economies of the free world. Altogether, at the present time, the Soviet Union has a one billion dollar development programme in operation, directed toward underdeveloped lands *outside* the Soviet Union. All this aid is available in industrial hardware: atomic power stations, turbine generators, petroleum refineries, agricultural experimental stations, irrigation dams, and so on.

This is not to say that the West has been idle in this regard. The United States alone has a foreign development programme of about a billion and a quarter dollars. Total Western aid is probably much greater than the Soviet. But less than a quarter has gone to the underdeveloped countries, and, of this, one third is devoted to military areas, Korea, Formosa, Turkey, and so on. As a result, the underdeveloped countries, which are just beginning their own industrial revolutions, are now turning to Russia and away from the West for their technical development. A trend that can only end in the total isolation of the West.

We must ask ourselves, therefore, what do these portents mean? What is the ultimate objective of the Soviet programme? How are we to account for their success? It was to try to answer some of these questions, to supply a few of the clues, that I undertook my last trip of about 9000 miles inside the Soviet Union. I would like to mention briefly what I found that is pertinent to these problems.

There is a tremendous discrepancy of views about the Soviet Union, and many people evidently don't know what to believe concerning even the most basic details of life in that country. Everywhere in Canada I am asked: what is the truth about Russia? Are they really so far ahead of us? Are people really better off there? I would like to take this occasion to nail down at least some of the facts, as I see them, and in so doing, perhaps, supply some of the clues we are looking for.

In the first place, the Soviet Union is in a state of transition. Things are changing rapidly, which leads to great confusion and many contradictions. In some ways, things are improving, but nothing basically is changed. For example, people are noticeably more free now, than they were when I was in Russia in, say, 1957. Before, no one would talk to me. Now I can stand on a street corner and address large crowds of people (usually there is an English speaking student in every crowd to act as interpreter).

"We have never been so free before," these people told me. But when I got down to a discussion of freedom, it soon appeared they had no conception of what freedom really is. They are not free to come to Canada, for instance, as I can go to Russia, just to see the outside world. They cannot get an exit visa. They cannot even travel from one place to another inside their own country without a visa stamped in their *internal* passport. Is this freedom? Of course not. But it was interesting to hear people standing up in public now and criticizing these restrictions on their personal freedom.

Then again, once you get out among the people, the standard of living is noticeably low, lower indeed than in any of the countries of the West. But when these street meetings would break up and I would be invited by one or two people up into their homes and I would climb the dark stairwell in those workers' flats to their single room (ninety percent of the Soviet people are still living a whole family to a single room), and they would open the cupboard and take out the black bread and cucumbers and salt and offer a little spread of hospitality, they said: "We have never lived so well before."

Of course, they are not living well. The average Soviet worker earns 600 rubles a month. Let this equal $60. At the same rate of exchange, an ordinary suit of clothes costs him $160; shoes $30 or $40 a pair; the same with food: meat $2 a pound, eggs 15 cents each, oranges 30 cents each —do I need to go on? These figures alone will give some idea of the poverty of the Soviet people.

The difference is that there was literally nothing at all for them before. Only now are they coming up into the sunlight for the first time in their history, getting clothes fit for human beings to wear, food fit for human beings to eat. They are just starting out on their journey to civilization. But they still have a long way to go. These people who are so justifiably proud of their missile successes ("How do you like our sputniks, eh?"—that's a standard question I met everywhere), these same people have only one pair of shoes to their name and that made of nothing but cardboard. The extravagant largess Mr. Khrushchov dispenses in foreign aid is wrung from the labour of the Soviet people at the cost of their own standard of living. Not many people understand this in Rusisa yet, but they are beginning to awaken.

This is still a country in which the State has total power to regulate the lives and energies of everyone of its 200 million people as it chooses. This alone gives it an enormous advantage over the democracies. But this is not all achieved by force. The carrot works as well as the stick in a "have not" society. I am thinking, for instance, of their universities, like the one I visited at Tashkent in Soviet Central Asia. Here I found about five thousand students, many of whom came not from the Soviet Union itself, but from the underdeveloped areas of so called "free Asia", our Asia. They came from Indonesia and India, and Iraq and Syria. Their travelling expenses were paid, their lodging paid, their books paid by the Soviet Government. And on top of that they were all paid a salary in accordance with their marks.

Of course, they are not free to study whatever suits them. Their courses are directed to provide the Government with the kind of graduate that is needed to implement its plan: to build those steel mills and to spread the Marxist doctrine. (Ten percent of the studies is taken up with Marxism-Leninism.) These are the young people that are being turned out of Soviet Universities, at a rate four times greater (according to Mr Aroutunian, Russia's Ambassador to Canada) than the comparable rate from Western universities.

But the attitude among the young people themselves, I found, is extremely keen. And no wonder. Because, you see, education, science, Marxism is the high road to success in the Soviet world. And I mean hard cash success. Here is another aspect of the problem that we would do well to look into: the new incentive system communism provides. If you thought that the house that Marx built was a place in which every man received equal pay for equal labour you would be dead wrong.

One of the astonishing new features of the Soviet Union is the enormous wage differential—just as wide apart from top to bottom as ours, wider perhaps—but a whole new set of people have come to the top. Who is at the top in the Soviet world today? Not the businessmen, of course, except for the State directors of industry. Not the bankers or the big, bad brokers of Bay Street. The scientists, the technicians, the university professors, the writers, the artists, the ballet dancers—anyone who aids the political aims of the State.

These are the new elite, the people who are drawing down the big money—and I mean big not in comparison with their fellow workers, cooped up, a whole family to a room, in those workers' flats, but big in comparison with their opposite numbers in *our* society. Would you like some examples? Well, there are so many to give. One that always comes to my mind is the Bolshoi Ballet. I met many of the top stars of the Bolshoi, both in Moscow and in Toronto when they were here. Very charming people, very dedicated and very well paid. I remember talking to Maia Plissetskaya (who has now replaced Ulanova as prima ballerina). She had danced in London and met Dame Margot Fonteyn of the Royal Ballet. She was very sorry for her. "Poor Margot—she has to buy her own tights!" Of course, I don't really know the importance of tights in a ballet dancer's budget—Plissetskaya says she goes through three pairs in a night—but perhaps that Soviet nylon is not so good—or perhaps they are more energetic over there!

To choose a more practical example: I spent the evening with a Soviet scientist in his flat in Moscow—and note that, in a city where the mass of the people are living a whole family in a single room, the scientist has a five-room flat—he has a car, a villa in the country, a yacht he sails on the Black Sea in the summertime—and the question that was going through my mind all evening was this: can we maintain our lead or even our equality with the Soviet world in the technical era of tomorrow, with our own low pay scales for exactly this sort of person—and consequent shortage of them at the present time, especially in the vital field of defence?

These, at any rate, are a few of my impressions of life in the Soviet Union, which may supply clues to the outstanding Soviet successes in science, in economic development abroad and above all, in propaganda in the underdeveloped countries of the world. It would, I suggest, be wrong to continue to attribute Soviet success to some freakish development by captured German scientists. It is rather the end result of forty years of state control, state subsidized education, scientific specialization and a whole new set of economic incentives.

What, then, is the position today—first of all, in the field of defence? We did not need the Soviet demonstration of firing into the Pacific from bases in Central Asia to show us that they had intercontinental missiles capable of such accuracy. We know they have missiles of more advanced power and design than ours—their satellite launchings have shown us that.

Of course, we are working on these things, too (though we advertise our failures rather more than our successes). Various estimates are given of how long it will take to get a Western ICBM into mass production. According to experts like Dr. Werner von Braun, head of the American Ballistics missile agency, it may be another four or five years. Then, again, some say the Russians may not be able to mass-produce theirs either. A few successful tests is one thing. A big production programme is another. Russian industry, we know, is still backward. It is not yet tooled up, workers have not yet learned to "think" with their hands. They may not be able to do it for a long time either.

But I wouldn't be too sure. I visited the vast area of Soviet Central Asia where the Soviet missiles are launched. I flew over the score of new cities that are springing up there—all obviously industrial cities, built around factories and railway marshalling yards, and all forbidden. I have discussed the enormous growth of industrial potential in Kazakhstan with the members of the Kazakh Academy of

Science. But not one of them would say what these cities were producing. It is fairly obvious that where missiles are being launched, they are probably also being made, and if only a fraction of the hidden output of Soviet Central Asia were going into missiles the Soviet missile programme would be very far advanced indeed.

Someday, however, the Soviet ICBM *will* be in mass production. And from that day on we must expect a change in the climate of world affairs. Because after that it will no longer be possible to use the nuclear deterrent to contain communist aggression in the outlying areas of the world, whether it is in the Formosa Strait, in the Middle East or in Berlin, without risking a pushbutton retaliation that would annihilate 50 million people in a quarter of an hour. One hopes the Soviet leaders would not be so mad as to push the button. But equally, no democratically elected leader could take the risk.

So what is likely to happen? Western leaders are faced with the threat of increasing provocations around the periphery of the communist world which they must meet with conventional arms—the ordinary hardware of warfare, guns, tanks and planes. But here, too, they are at a serious disadvantage. We are poorer today in most of these things than the Soviets, and much poorer than we ourselves have been at any time since the Second World War. Why? Because, of course, we have ploughed our industry and our wealth into the production of luxuries, relying on the nuclear deterrent to protect us. Now the Soviets have the bomb, and are likely to have a better means of delivering it in the near future as well. This must produce a reappraisal in our concept of defence that is likely to cost us dear.

Next, what about the Soviet economic offensive, which is directed primarily against Asia and the underdeveloped countries? I think we all realize how much we really depend on these countries, as we have always depended on the vast areas of Africa and the Middle East and the Far East, as sources of raw materials and as markets for manufactured goods. If we should ever lose *all* these areas to the Soviet bloc—as we are losing them one by one, let us not miss the trend of the news—if we were to lose them all, surely we would expect our standard of living to fall, with all the social, political and economic chaos that would mean.

At any rate, whether *we* believe it or not, that is what *Mr. Khrushchev* means. In this regard, there is no change in Soviet ambitions to take over the world. That's what Mr. Khrushchov meant when he told Mr. Nixon in Moscow: "Mr. Vice-President, your grandchildren will live under communism." That's what he meant when he said to The West rhetorically: "We will bury you."

I believe the impact of Soviet development in Asia requires much closer study and more widespread reporting than it is getting. I hope to be able to contribute some small part to this need, on my forthcoming journey to the Far East to gather material for my next film and book: "Countdown in Asia". I hope to be able to discuss it from the Asian point of view more fully when I come back.

Let us now, however, consider what we can do about it here at home. The question before our generation is really what we *want* to do. There is a country which openly declares it has organized its manpower, womanpower, brainpower and natural wealth for one objective: to build world communism. Are we prepared to organize *our* society, not along communist lines, but let us say along competitive lines, to build and preserve democracy?

What would that mean? Look at education, for example. Here you have a country on the one hand in which every child, of whatever colour or sex, has an equal opportunity for education up to the highest level, insofar as he gets the tuition free, the books free, the lodging free and on top of that he gets a salary in accordance with his marks.

What is the position here in Canada? According to the findings of the Atkinson Foundation, at the University of Toronto, less than half the really bright students ever get to college at all. That is to say, less than half those with 70 per cent marks in high school ever do go on to a university.

It was further revealed that while half those at university had a high-school record of over 70%, the other half was well below that point. All of which would seem to indicate that nearly half our best brains are not receiving higher education at all, while half the product of our universities is of inferior quality. Can we afford this waste?

We have to decide whether the methods we are using—private support for education, charitable grants for scholarships—whether these methods are the best we can do to bring our young people forward and give them the best chance possible to play their most useful role in our society.

But another and even more fundamental question concerns our subject more closely. Are we prepared to deflect any of our resources away from the production of luxuries and toward the development of the backward areas of the world? Canada has increasingly moved toward a greater responsibility in this field in recent times, and yet our contribution to date to the Colombo Plan for Asian development is less than one quarter of one per cent of our national income. The conclusion is inescapable that the "have" nations are concentrating their wealth on their own development and letting the devil take the hindmost.

What I am suggesting, of course, is a large-scale programme of Government investment in the underdeveloped areas. Initially this would cost us heavily. It wouldn't throw any of us out of work; on the contrary, it would probably solve our employment problems for a generation. But it would mean that, for a time, many of the goods we take for granted would disappear from the stores. We would be spending our money other ways.

After all, Mr. Khrushchov isn't giving the Russian people these things. He isn't giving them TV sets in the living room and the rec room and the bedroom, and washers and dryers in the kitchen, and two cars in every garage —*and* putting on a one billion dollar development programme in the underdeveloped areas. This may be a factor that explains the lower Soviet standard of living, which we are so complacent about.

So that when we saw Mr. Khrushchov on his tour of the United States, looking over the factories and department stores and supermarkets, we nodded our heads and said: "That'll show the old so-and-so." But what did it show him? That we are spending our wealth on today, while he believes, at any rate, that he is spending his on tomorrow!

Whatever we decide to do, I know we can do it. After all, let us keep our bearings. We have still far more skills than the Soviet world. We have more trained men and women.

We have more experience. We have more resources. We have far, far more wealth. All we lack is the direction. It will come. But when it comes, I ask you to remember it must come from you. That is democracy. It is the glory and, in times of crisis, the shortcoming of democracy. The people lead. The leaders follow. It has to be so, because a leader, in order to be elected, has to give the people what the people want. But for the people to lead, they must be well-informed and well-advised.

And that is the real challenge of Soviet world to us as individuals: to understand the developments taking place today, to know how to choose freely the path that we will follow.

THANKS OF THE MEETING were expressed by Mr. Z. S. Phimister.

“SEX AND VIOLENCE ON THE BOOKSTALLS”

An Address by

ARNOLD EDINBOROUGH
Editor, Saturday Night

Thursday, March 17th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Our subject today is salaciousness in literature. All I know about salaciousness is that various women’s committees and other self-appointed censors are against it. The nub of the problem, I fancy, and this would be true of painting as well as literature, is how to distinguish real art from obscenity. One thing I have noticed from personal experience is that it has become almost impossible to pick out a good detective story from among the paper backs. Agatha Christie’s murders could all be committed in anyone’s living room without offending good taste or propriety, but it is hard to find one now without a cover that suggests to one’s family and friends that the contents deal exclusively with lust and seduction.

The fact that we consider this subject on St. Patrick’s Day is purely a coincidence. However, it moved me to look up St. Patrick in my encyclopaedia where the note on him was brief and succinct. I quote: “St. Patrick, the patron saint of Ireland is said to have been born in Scotland. His zeal prompted him to cross the channel for the conversion of the pagan Irish. Various miracles are attributed to him, particularly the expulsion of all venomous creatures from Ireland.” There may be some truth in this.

Our speaker, I am happy to say, was born in neither

Ireland nor Scotland, but in England. He was educated at Cambridge and lectured there for a while. In 1947 he came to Canada, I would assume as an almost beardless youth, to become Assistant Professor of English at Queen's. In 1954 he was appointed Editor of the Kingston Whig-Standard, and in November, 1958, he joined Saturday Night in the same capacity. He serves on the National Board of the Canadian Welfare Council and on the Board of Directors of the John Howard Society, and is a Governor of the Dominion Drama Festival.

The title of his address is "Sex and Violence on the Bookstalls".

It is a pleasure to present Mr. Arnold Edinborough.

MR. EDINBOROUGH: I am not an expert on dirty books. Such a standing could only come from more enthusiasm for them than I have and from more time spent on them than I care to afford. But knowing I was going to address this august body today I picked up three obscene books on Monday to prove, 1., that it can be done on the Toronto bookstalls; 2., that it can be done cheaply (the total cost was $1.05); 3., that there is a choice (there were at least four other titles that would have proved my point just as well); and 4., that I am, at least on these three books, an expert.

The first was called *MANHUNT*, which advertises itself as "The world's most popular crime-fiction magazine". I did not read it all. I read the first four stories. In the first, a man picks up a New York whore, tricks her into thinking he is a detective, extorts fifty dollars protection money from her, then is put in jail for passing the dud $10.00 bills in which she paid him off. The story ends: "Damn, it was getting so you couldn't trust anybody any more."

In the second, a man boasts of having just killed his wife by sticking a fish-scaling knife in her belly; his bar-companions applaud him, saying that they wished they had the courage to do the same. He so enjoys the sudden popularity that he suddenly walks out, goes home and *does* stick a knife into his wife's belly and she does, as one of the group has said, squawk like a chicken when it happens.

In the third, a man who has had the back of his head shot off retains enough consciousness by an effort of will to find the two men who have shot him (he is a diamond smuggler) and shoot them dead in a pool-hall.

In the fourth, a half-witted woman shoots her lover's head off because (a) he won't let her finish high school, and (b) because he won't marry her.

A brief look at the rest of the stories includes six really heavy beatings, four heads shot off, one strangling, and several other messy ends including one knifing.

The definition of obscenity as incorporated in the amended Criminal Code reads thus: "For the purposes of this act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one of the following subjects, namely crime, horror, cruelty and violence, shall be deemed to be obscene." Clearly *MANHUNT* exploits crime, horror, cruelty and violence.

The second was a pocket book entitled: *WARPED*. I will not bore you with the development of the story except to say that it concerns a crooked boxer who is bought by an oversexed woman, two gamblers who muscle in on the property and a clean boxer who finally wins but only after: 1. The chief gambler has been stabbed in the throat with a paper knife. 1. His henchman is arrested after first raping, then throttling, the oversexed woman. 3. A Lesbian strip-tease artist who was shared by the oversexed woman and her sister has been shot. Elsewhere there have been two beatings, one sadistic scene where a woman is simultaneously raped by one man and belt-beaten by another, and a variety of Lesbian activities. Clearly, *WARPED*, as its title shows, exploits sex as well as violence and cruelty, and its blurb is explicit on this question: *Feminine Frenzy*—"Wild, wanton, slave to sensation—that was redheaded Diana, whose burning body drew men the way flame draws moths. But each new lover only fanned higher the terrible passions which tormented her, and which, unless slaked, would some day consume her. Then she met the lush and lovely dancer, Fern Mar, a girl as bewitching as she was depraved. It was in Fern's arms that Diana, at last, found her equal in the arts of love. . . . It was then that young Gwen, betrayed by the urges of her glorious flesh, fled from the disgrace of an unwholesome campus weekend. She took refuge with Diana, the sister she hardly knew. Gwen's hope was to find comfort in her sister's love—but instead found it in the embraces of her sister's twisted lover. . . !"

The third book, entitled *MIMI*, not only has Lesbianism, it also has a homosexual relationship fully worked out in the story, and a man who is kept by a night-club owner for the express purpose of whipping both himself and his girl. Further, the main story concerns a woman, paralyzed from the waist down, who persuades a night-club singer to have a baby by her husband which the night-club singer agrees to do. Adultery, sadism, masochism, Lesbianism, voyeurism, homosexuality and attempted abortion are all described in *MIMI*—equally clearly an obscene book.

Now, these two novels, and a dozen others like them, this detective fiction magazine and maybe half a dozen like it can be found anywhere on the bookstalls of this city or of this province at any time. But we should not judge from this that our bookshelves are flooded with such filth—they are not. The percentage of obscene titles is, at a generous guess, less than one per cent, especially if we rely on the old common-law definition of obscenity as that which "tends to deprive or corrupt those whose minds are open to such immoral influences and into whose hands it may fall." This, the definition which Lord Chief Justice Cockburn first propounded in 1868 still gives, I think, a fuller meaning to what the new Criminal Code amendment calls "undue exploitation". In other words, obscene books, ones punishable by law as such, are those which exploit sex, particularly deviate forms of sex, such as Lesbianism, homosexuality, sadism, voyeurism, and masochism, to the point where it depraves the young and/or curious, into making illicit experiments. Of these, as I say, there are very few amongst the total number of books offered to the public.

What, then, *is* on the bookstalls? First: there are newspapers. None of these exploit sex, except in conventional advertising which now relies on pictures of pretty women to sell anything. (You can apparently get the car, the girl and the money all on the same easy terms.) Editorially, there may be some fairly detailed evidence about crime; and in the comics there may be a little shooting here and there. But the newspapers generally must be given a clean bill of health.

Second, we have the "quality" magazines. These are aimed directly at the stomach, the eye, the imagination or the intellect. There will be pages of recipes and fashions for the women—the latter modelled by females so starved as to be sexless and whose hungry look is probably even more sharp because of the calorific riot of the recipe and home making pages. There will be designs for new gardens, new kitchens or new furniture, and some innocuous fiction about clean-limbed men and well-scrubbed women having a small heart tremor on their suburban patios. There will be news-magazines and news picture magazines and a few, but very few, magazines trying to comment on the news, to give reports in depth on current social, business or political trends and trying to make some sensible pattern out of affairs for those who would prefer to be challenged rather than chivvied, who would prefer to be provoked into thought rather than to be pushed into togetherness.

Third, we have movie magazines, hi-fi sheets, TV guides and other such technical or specialized publications as Popular Mechanics, Hot Rodder, Field and Stream, etc.

Fourthly, and in a minority, we have the slick men's magazines, a product of the last four years only, which have bared the female bosom for their photographs and printed the results in living colour. Playboy, Dude, Nugget, Escapade, and Hi-Lilo they are called, and they concentrate on being sophisticated—that is, rather salacious—and designed to aid the daydreams of the young-man-about-town or in college. I suppose they exploit sex, but it is such a healthy, cheer-leader, ski-weekend kind of sex that I think they would scarcely qualify as obscene even under Mr. Fulton's new term "undue exploitation". For sex in itself is not obscene and showing off pretty girls is surely not anything undue. As Senator Roebuck said in the debate last August: "Whether sex comes in small doses or big doses, sex is not obscene. Sex is perfectly clean and around it clusters the highest ideals and the purest sentiments. I do not care whether the whole book is full of it or just one page, sex is perfectly all right." This needed to be said by the Senator since the MPs in the Commons were somewhat preoccupied with this aspect of the bookstalls. This may have been because they had been lobbied by women's groups who, seeing the brashness of Playboy had seized on it without looking at the really obscene books standing near it and which I have already mentioned. Such women's lobbies I fear, for I often think that it is jealousy as much as immorality which spurs them on.

Fifthly, and most importantly, there is a large group of men's and women's pulp magazines. This group is so large that it takes up almost half the display, for example, on Toronto Union Station's bookstalls.

Let me deal with the women's pulps first. They are all the "Confessions" type, all purporting to be true stories about people in dire circumstances. There is always a story of a wife who cheats her husband; there is always a real tear-jerker about giving up a baby desperately wanted but financially unprovided for; (my favourite such story was one last August in *True Confessions* entitled "Dirt Poor and Desperate, We Traded our Baby for a Tractor"); there is always a gang story (the current issue of *Uncensored Confessions* has a typical one called "I Dont Want To Die" elaborated in the subtitle thus: "Even my love for Denny couldn't protect him from the fury of a teen gang"); and there is nearly always an ex-convict story or an account of what goes on inside prison walls (particularly girls' prisons). The emphasis is on hard luck, hard times and hard living. All the stories are about what the prayerbook calls "miserable sinners" and all pay handsomely for the follies they commit. There is in this group a sentimentality, which is nauseating and a kind of eye-for-eye morality, which Moses himself would applaud. They do not tend to deprave or corrupt—on the contrary, they show the evil, the suffering and the despair which corruption and depravity bring in the bleakest possible light.

The men's pulps, on the other hand, are aimed at showing how a virile, red-blooded, physically-fit man can endure almost anything. In Male, Stag, Climax, Saga or any of a score of other such publications, man is shown every month being crushed by South American pythons, eaten alive by African vampire bats, mauled by Alaskan bears and being slashed by Australian sharks. He also faces torture in German concentration camps, Russian prison camps and Arab slave-traders' dows. The epic gun battles in the American West are lovingly retold, and the American marines take every atoll in the Pacific with their bare hands and leather necks. Generals are exposed, politicians are scorned and authority is shown to be stupid.

The whole motivation of the pulp magazine thus becomes clear. It is not exploiting sex, nor piling horror on horror nor dealing with crime or violence for the sake of it. . . . In other words, the pulps are not obscene. They are merely offering a violently-coloured, two-dimensional world into which their readers can escape. It is interesting to note that the woman who reads them wants to see people in a worse situation than her own, so that, though she has problems, they are nothing compared with the problems of the poor wretches in the magazine; the man wants to read of violent, virile creatures in a world he never sees but which, he can kid himself, he could get into if he really tried.

Before you pooh-pooh these simple-minded readers, I would like to give you some figures to show how many of these simple-minded readers exist. True Story sells more copies per month at Canadian bookstands than any other magazine with the exception of Reader's Digest and TV Guide. Between them, True Story, True Romance, True Experience and True Love sell 480,000 copies, in Canada alone, every month. Secret Romance sells 97,000, True Confessions 110,000, Modern Romance 70,000, Secrets 40,000 and nine other titles a total of 182,000. Well over one million copies of these confession magazines are sold in Canada every month, 75% of them in single copy sales at local retailers.

The men buy 158,000 copies of True and 100,000 copies of Stag each month and Saga, Sport, Climax and two others sell together over 145,0000 copies. In all, men's pulp magazines sell more than 600,000 copies per month. (By contrast—Playboy sells only 56,000 and Escapade less than half that.)

In other words, about one out of every five adults in Canada buys one of these pulp magazines a month. **And** we can say, therefore, that one in two reads them. And this shows where our problem lies—not in legislation but in education. The national shame is not that such trash is on sale, but that so much of it is sold.

What then must we do?

(a) For children: First, we must see that reading is given increased emphasis in the schools; see that they read with intelligence and not just skill. Second, that libraries are more intelligently used than they are now. Librarians must constantly be spurring the youngsters on, not holding them back to their school, limited-vocabulary, happy text-books. Third, that great literature in its original form is constantly thrust on those of high school age. If they are interested in sex (which they are) let them read about it in Shakespeare, in Defoe, in Pepys, in Somerset Maughan and in D. H. Lawrence. Let them read what great minds have thought about it—not mean and furtive ones.

(b) For Parents: Let all parents impose a strict censorship themselves and see what their children are reading. Let them also look at the bookshelves and discuss what is on them with the retailer. He does not want trouble and often he just does not know what is on the stands which are serviced entirely by the wholesaler, who again is no censor and merely accepts from the publisher. Let all parents also discuss sex and crime with their children, and together with the churches, try to get the world to make a little more sense than it perhaps does at the moment.

That parents do not think that such censorship is part of their job was shown when the Attorney General's Committee on Salacious Literature sent out questionnaires to 4,500 home and school council members right across this province. The questionnaires started: 1. During the past year, did you see a publication (magazine, book, comic, periodical, etc) on display, which was offensive to you? 2. During the past year, did you see any publication, available for and in your opinion dangerous to children? and 3. Have you seen any such offensive publication in the hands of your children? What was the result of this? 'From the middle of January, 1958, the time of distribution, until the middle of April, 1958, out of 4,500 questionnaires distributed, 236 were returned." Was there ever such an example of parental responsibilities being shirked? Yet, education and parental supervision alone can deal with such trash.

It will not, of course, do away with the really obscene for which there are always publishers and always buyers. What is more, such obscene books are getting more common. A list of just one brand of pocket books includes the following titles: Shack Baby, Footloose Fraulein, Call Her Wanton, Dolls and Dues, Trailer Tramp, Sinful Virgin, Gang Girl, Teaser, Hill Hoyden, Suburban Wife, Gutter Gang, The Private Pleasures of Mary Linton. That they are deliberately intended to excite and titillate is shown by one new series—Kozy Books—which with such titles as Tormented Passions and Sins of Flesh invites the reader to Cozy up with the Kozy Book.

Gentlemen, I am a magazine editor. As such I hold the freedom of the press dear. But license is not the same as liberty. I am not prepared for Saturday Night to share the newsstands with filth. These books should be banished. They need not be prosecuted, for such cases must always bring unwelcome publicity, but should be sent to the Attorney General. He will refer them to a committee of experts soon to be set up who will then confer with the wholesalers and ask them to be withdrawn from sale. Wholesalers have said they are only too glad to co-operate.

But the push must come from you, from the public. In a free society we must discipline ourselves, to keep our freedom, we must educate those who come after us. By education we may reduce the trash; by enlightened action we can banish the filth. But we must remember that if the undue exploitation of sex, or of sex, crime, violence, and cruelty is to be removed from our bookstalls, it is not the Minister of Justice who should do it, nor the customs authorities, nor the police—it is not even the well-meaning women's groups or zealous churchmen's leagues who should do it. *We* should do it. Not only should do it, but *must* do it, if we are to retain our democratic self-respect.

THANKS OF THE MEETING were expressed by Mr. J. B. McGeachy.

"FREE TRADE IN A FREE WORLD"

An Address by

ALBERT A. THORNBROUGH
President, Massey-Ferguson Limited

Thursday, March 24th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Mr. Albert A. Thornbrough was born on a Kansas farm some forty-eight years ago. He graduated with top honours in agricultural economics from Kansas State College in 1935 and went to Harvard University on a scholarship. He lectured at Harvard for two years before going to Washington to work for the Department of Agriculture. During the early war years he was in the Office of Price Administration as chief of the Farm Machinery and Tractor Branch, and he later served in the Corps of Engineers where he rose to the rank of lieutenant-colonel.

Following the war Mr. Thornbrough joined Harry Ferguson, Inc., in Detroit, and almost immediately was thrown into the turmoil that resulted from the break between Ferguson and Ford. This was a sort of baptism of fire into the farm implements business and led to a vice-presidency and a directorship, besides providing a liberal education in the problems of adversity that was to stand him in good stead when he got to Toronto. To get him to Toronto and into his present position, I should first recall that the Massey-Harris Company amalgamated with the Ferguson interests in 1953. Possibly the most important asset that Massey acquired through this transaction was Mr. Thornbrough. In any event he was brought to Toronto as Executive Vice-President in 1955, was elected a Director in July, 1956, and became President in December, 1956.

I have referred to the problems of adversity. To the best of my knowledge those particular problems have been licked and Massey-Ferguson is now back to just the normal year-in year-out problems that beset us all. How Mr. Thornbrough and his associates produced such wondrous results in their giant empire in such a short period of time must be one of the most thrilling stories in the annals of modern business, but I am sorry to say that it does not appear to be on our programme today.

When I say that the subject for today is "Free Trade in a Free World" I would remind you that some ninety percent of the business of this great Canadian company, Massey-Ferguson Limited, is done outside of Canada, so our speaker knows whereof he talks. It is a pleasure to introduce a farm boy who has made good in the big city, a new Canadian who will contribute mightily to our community in the years ahead, Mr. Albert A. Thornbrough.

MR. THORNBROUGH: As we read of the new trade bloc or free trade area developments of Western Europe—"The Inner Six and The Outer Seven"—I am sure most of us have been curiously and perhaps vaguely disturbed in our attempts to recall just where and when such an interplay on the numbers six and seven was previously encountered. I would have sworn, but mistakenly, it was aptly included in "Alice in Wonderland". A further check, however, did reveal it to be present in Shakespeare, Chaucer, Goldsmith, Cervantes, and in Gilbert and Sullivan. The latter in their collaboration in "H.M.S. Pinafore", Act II, asked the following question:

"Say, why is everything
Either at sixes or at sevens?"

And this appears to provide a good point of departure for my remarks today on world trade. It is a subject not only of great general interest to us in Massey-Ferguson, but also of great specific importance to our overall operations, earnings, and contributions to agriculture generally. As a Canadian-based company, owned 80% by Canadians, we obtain but 10 per cent of our sales volume from Canadian customers and less than 50 per cent from North

American farmers! We are thus utterly dependent upon our ability to produce and sell farm equipment throughout the world.

I have heard it said that an expert is a knowledgeable man who is away from home. Obviously, I am speaking here at home in Canada and my remarks must be so conditioned! The great attention currently on trading, particularly by the Western nations of Europe, members of the Commonwealth, and by the United States, is, in many respects, the continuation of post-war adjustment of the nations of the world. Nearly fifteen years have nevertheless passed and new patterns and forces are emerging which have their own influences on world trade.

It seems to me that of the many factors which enter into world trading, there are several of utmost importance:

1) **The economic recovery of Western Europe.**

For the Western nations it is difficult to separate the immediate post-war political and economic objectives from military necessities. The military and political manoeuvring of Russia was met by the Marshall Plan of aid for Europe, together with the establishment of the organization for European Economic Co-operation, and followed later by the North Atlantic Alliance. Despite the many disappointments and difficulties which have been experienced, there can be but one impressive conclusion—Western Europe not only has recovered but has surged to new heights of prosperity and productivity. Its production capacity, largely newly developed in a number of industries, is supplying an increasing share of the requirements of world trade. Western Europe today can, with a reasonable optimism, look forward to achieving a standard of living comparable to North America.

2) **Increasing attention by Russia and its satellites toward achieving political aims by economic means.**

Although competition in military technology continues, political alignment is actively being sought by Russia through grants of aid, assistance in industrial and resources development, and by trading arrangements or pricing to disrupt the free world. Russia has now added trading as a tool of conquest which may be more effective and absolute than its missiles. It would appear that these activities will increase rather than diminish.

3) The population explosion.

The population pressure for food and fibre is greatest in many countries least well developed. And these are the countries over which Russia is making its greatest efforts to exert control. Removal of these countries not only from the political traditions of the free world but also from general trading is a frightening threat to freedom. The statistics on population growth are staggering. From the origin of mankind until the 1920s world population grew to a total of two billion. It is now estimated at present rates of growth that by 1980 world population will reach four billion—and eight billion in 2020—an increase of six billion in a century. At the end of this century, if present rates continue, there will be one billion Indians and one and one-half billion Chinese, the latter number equal to 75 per cent of the total world population in the 1920s! Furthermore, at the turn of the century, at these rates, 70 per cent of the world population will be of African or Asian origin, and 75 per cent will be living in what are today the least developed areas.

4) The surging Nationalism of Africa.

The overwhelming insistence of the negro peoples of Africa for natonal status regardless of ability or circumstances is a current reality. How to preserve and further strengthen the ties of trade with these new nations is a paramount task for the free world.

5) Decline in the ability of the United States to maintain adverse balance of payments.

That this has occurred is a development of the most far-reaching nature, and it is not due to any single factor. United States exports have declined and done so not only because in some instances of increasing relative costs, but also because of more favourably situated suppliers in nations which frequently had been aided by the United States. Yet imports to the United States have latterly increased very substantially as exports fell. Not only has the United States assisted in creating the ability to supply imports but also has provided encouragement by tariff reductions with complete freedom from quotas unlike many other countries as regards goods of United States origin. As a result of all these and other causes, the United States currently faces the need to manage its world trading, investments, and grants of aid in order to avoid excessive loss of monetary gold. There has thus been a significant shift in degree of responsibility from the United States to other nations of the West as regards world trade encouragement and financial assistance for military purposes.

Post-war trading among non-communist countries has been within the general rules and procedures established following World War II. The General Agreement on Tariffs and Trade (GATT) provides, in addition to limiting discriminatory trading among its members and encouraging reduction of tariffs, that customs unions and free trade areas may be created, and it is within this framework that the "Inner Six" and the "Outer Seven" have been created. It is important to note that the trading blocs in Europe are not considered as new discriminatory efforts to restrict trading so long as the rules of the General Agreement are observed.

The Organization for European Economic Co-operation established in 1948 to implement Marshall Plan Aid has brought forth plans and activities of unusual contribution to its member countries. Under its umbrella, new monetary and fiscal institutions have evolved. We have seen supranational co-operation in steel and coal. Yet in a most fundamental sense we are now witnessing a fragmentation of this unusual group. Beginning in mid-1958, all of the members of the OEEC negotiated to form a closer economic union—particularly as regards to tariffs. These talks broke down because of certain major differences in view. The result has been the formation of two trading blocs among its members. Six members have now within the OEEC established the European Economic Community—"the Common Market" or "Inner Six"; seven have subsequently to the grouping of "the Six" associated into the European

Free Trade Association (the "Outer Seven") and five members are not affiliated with either bloc.

These two trading blocs are quite different in approach and reflect the basic issues upon which full agreement could not be achieved. "The Six" are associated in what, if carried to fruition, would be a close, if not ultimately complete, political union. Common tariffs are to be established by all members as regards external trading, but tariffs among the Six will, over a period of years, reach zero levels. Provison is made for common policies on agriculture, and many other situations requiring solution or progressive adjustment. France, Italy, Belgium, Luxembourg, Western Germany and Holland are the chief six countries now functioning in this customs union or Common Market.

"The Outer Seven" grouped themselves around the leadership of the United Kingdom which could not accept the supra-national requisites of the negotiations, nor could, for economic and political reasons, sever ties with other Commonwealth members. The United Kingdom, Sweden, Norway, Switzerland, Denmark, Austria and Portugal have subsequently associated into a free trade area, planning to reduce tariffs among themselves at the same approximate rate and timing as that provided by "The Six". Each member of "The Outer Seven" is free to continue or revise its own tariffs outside of the association. Provisions have also been made regarding certain categories of products and as to how importation of certain products into a member country will be controlled or limited in export to another member merely to take advantage of the lowest tariff point for entry into "The Outer Seven".

We of Canada are now thus involved in a number of trading systems or areas:

1) **That of North America.**

By proximity, and through historical development of trading between the United States and Canada, we are part of the largest economic system existent in the world today. This is not to say, however, that North America is a common market. Quite the contrary is true. Yet many products do move into trade between Canada and the United States with no real trade barriers of excessive tariff or quotas. For my own industry and company—that of farm equipment—there has been no tariff or quota system for a number of years. For farm equipment there is indeed a common market in North America. Although this freedom of market subjects Canadian farm equipment manufacturers to the full competition of the powerful companies to the south, yet I am more than willing to trade these disadvantages for the opportunities of free access to that tremendous market. In this regard I shall even go further. I am sure there are other Canadian companies which would benefit greatly from the increased volume resulting from a successful exploitation of larger and fully accessible markets through elimination of restrictive tariffs.

2) **That of the Commonwealth.**

We are all fully aware of the great advantages which accrue to us in having preferential access to the United Kingdom, particularly for food and raw material products. Thus far the European trading developments have not adversely affected Canadian privileges in the Commonwealth.

3) **That of the "Outer Seven" and the "Inner Six".**

Canada appears, at least initially, to fare very well as regards the "Outer Seven". Wheat and flour are excluded from consideration. Manufactured or industrial products, however, face a differing situation. As tariffs are reduced to zero, Canada may lose certain preferential advantages now enjoyed in the United Kingdom.

As to "The Six", tariffs will vary on Canadian products. In the process of establishing common or average external tariffs there are both reductions and increases. Industrial raw materials will carry duties ranging from zero for copper and nickel up to nominal rates on others. Certain agricultural and forestry products would appear to carry high rates. It also appears that protection to agriculture will not disappear to open these markets to Canadian products.

Canada exports more to "The Six" and to "The Outer Seven" than is imported. For the United States, the reverse is true. Total Canadian trade, imports plus exports, for 1958 with "The Six" was $667,000,000, and with "The Outer Seven"—$1,474,000,000, of which $1,303,000,000 was with the United Kingdom. Trade with the United States was $6,404,000,000. Of the total trading of Canada with "The Six", "The Outer Seven", and the United States, 90 per cent is with the United States and the United Kingdom.

It might be quickly concluded from these figures that Canada, no matter what may happen in Europe or elsewhere, would have little to fear, so long as trading with the United Kingdom and the United States is essentially maintained or unimpaired. Such a course of action, unfortunately in my opinion, would squarely have Canada choosing regional or bloc trading rather than general trading with the non-communist world. It would also tend to ignore the political and economic threats of the communist nations.

I have already remarked about the increasing efforts of Russia to conquer by economic means. In such pursuit, Russia, of course, will not rely solely upon its own resources. In ten years since 1948, the trading of Russia, China, and the other satellite countries quadrupled while total world trading only doubled. And in that ten-year period trading by this Communist bloc with non-communist countries diminished. The large resources and population in the communist bloc, effectively exploited as they seem determined to do, offer a large base of economic strength and ability to interfere with world trading. We are aware that the communist system can for specific projects utterly disregard cost as a factor in pricing or repayment of loans made for political penetration. It certainly will be communist strategy once there is penetration of a presently non-communist nation or area, to close it off from free world trading even to the point of military enforcement. The example of Hungary is indicative.

Canada and the other industrialized nations of the free world cannot stand by and witness the gradual absorption by the communist bloc of the non-developed areas of the world who today are in open revolt against their poverty. To these have-nothing areas material improvement, or the hope of it, would be an excellent dividend to offset the restricted freedom of communism. They have little or nothing to lose and are thus susceptible to promises of improvement, however cynically they may be offered.

The effective development of these needy areas cannot be accomplished by one nation, nor will it be done by warring trading blocs. The investments required are very large and must be efficiently utilized. Free trading in the free world is required to promote the further prosperity of the industrial nations of the free world, not only as a reasonable objective in itself but also as a means of generating the ability to invest in the under-developed countries.

As I see it, the institutions of the free world are very much on test with half of the world's people. Fragmentation of the free world trade into competing trading areas or blocs will simply encourage and facilitate the transfer of low-income areas into the comunist fold.

In closing I should like to become a bit more specific. As a company, Massey-Ferguson is a large employer in North America, in "The Outer Seven", in "The Six" and in the Commonwealth. I have been most impressed at the consistent manner in which decisions and the necessities of co-ordination of these various operations serve the local good as well as that of the overall company. I firmly believe that the evolution of a larger number of internationally operated companies would make a valuable contribution to the free world and free trading therein. May I be so bold, and perhaps impertinent, as to suggest that the very act of becoming a part of the broader economic functioning of the free world will in itself remove many of the barriers to freer trade.

THANKS OF THE MEETING were expressed by Col. Bruce J. Legge.

"THE DEVELOPMENT OF MEN"

How Do People Grow In A Business Organization?

Ten Principles Which Emerged From A Research Study

An Address by

MOORHEAD WRIGHT
Manager—Operations

General Electric
Management Research and Development Institute
Ossining, N.Y.

Thursday, March 31st, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: In spite of everything we hear about unemployment, in spite of all warnings about the exploding population, the greatest shortage in the free world today is men. Every business leader knows how desperately his organization needs men—men of ability, men of character and industry, men with ambition and initiative, men with a talent for leadership. The most important assets in our companies are the human ones, but we don't have enough of them and often we do not make the best use of those we have. To some extent the arts of leadership *are* transferable, and men may be motivated by the inspiration of others.

Our guest of honour today is a molder of men. He has been with the General Electric Company ever since he obtained his degree in electrical engineering from Cornell University in 1927. His experience includes both enginering and sales activities at headquarters and in the field. At one point he was Assistant to the President of Hotpoint, Incorporated, in which position he developed a comprehensive programme of organization and management development.

Starting early in 1952 he conducted a three-year research study into the factors affecting the development of people in the business, which resulted in the plan now in general use in the General Electric Company. After several years as a lecturer and leader in the Advanced Management Course, he was appointed to his present position as Manager—Operations of the Company's Management Research and Development Institute at Crotonville, Ossining, New York.

What interested me most in the biographical sketch of our guest is the fact that he has been a visiting lecturer at both the Harvard Divinity School and the Harvard Business School. This is not as paradoxical as it might first appear. I have long believed that the Bible is the best source of inspiration for any young business man, and that it is our best textbook on business ethics.

Our subject today is "The Development of Men". It is a pleasure to present Mr. Moorhead Wright.

MR. MOORHEAD WRIGHT: In the years since World War II, most business enterprises—particularly the larger ones—have been much preoccupied with the development of people. This has taken the form of "executive development" or "management development" plans which are installed in a company in an effort to "develop good managers to meet the company's future needs". This preoccupation on the part of American business is evidence of a recognition that managing today and in the future is different from what it used to be even twenty years ago, and that business managers occupy a new position in the American scene.

In the first place managing today is a much more complex task than it used to be. The drastic social revolution, taken together with the technological revolution of recent years, has made the task of managing a business much more difficult due to the enormous number of variables which must be taken into account in planning and decision-making. Additionally, the responsibilities of the business manager have been multiplied. Whereas in the early days of the century his responsibilities were largely economic, there have been added both social and moral aspects to his responsibility. Finally, the decentralization and the growth in size of businesses call for a larger number of competent managers, and particularly managers who are capable of making their own decisions instead of "doing what they are told".

Much of this work in management development—in our Company as well as in others—has been a sort of procedural approach based on printed forms and systems and, it must be admitted, based on information which is not too deep or thought-through.

In October of 1951, as a part of his programme for the decentralization of the General Electric Company, Mr. Ralph J. Cordiner, President of the Company, established a research project with an assignment to "study the basic factors involved in the development of people and recommend a course of action for the Company." The initial research was carried out by a team consisting of nine experienced General Electric men, three consulting psychologists, three business school professors, and two top level management consultants. The research was reported out in 1953, and the implementation of its findings has been going on since that time.

From the research came a mass of data, some of it very sound, strong, and relevant, much of it unimportant. From the good data we have derived ten generalizations which appear to be useful guides in approaching the development process. They can in no sense be viewed as "eternal verities", because they have not been adequately proven in use. There is, however, enough evidence, both from research and practise, to establish these principles as useful guides. They are presented here primarily to encourage other companies to embark on research in this area, about which so little is known, in order to add to the field of hard knowledge available to everyone in industry faced with the necessity of doing this critical work of helping people develop.

The principles are simple and even obvious. In reading them one may be inclined to say, "Of course, of course—everybody knows that." However, study and observation indicate that these "obvious" principles are more often violated and ignored, than observed and honoured.

PRINCIPLE I:

The development process is a highly individual matter.

No person is just like any other person. The individual is unique. (This is one of the few things that Albert Einstein, just before he died, said he felt sure of.) The individual *is* an individual, and he changes with time. No man today is the same man he was last year. It follows that we cannot successfully develop people by means of canned, cut-and-dried, over-standardized methods. Human development can never be an assembly-line or stamping-machine process. There is no "average man" to whom you can apply uniformly the same method. What is good for one may not be good for another. It cannot be said, therefore, that all men shall be developed by some one method, such as by rotation, by Junior Boards of Directors, or by formalized training courses. Not one but many manager-development plans are needed, each tailor-made to fit the strengths and needs of a particular person, and aimed at helping him develop in the direction that is best for him.

PRINCIPLE II:

Every man's development in business is SELF-development.

The company naturally has an interest in his development, and the company can and will help, but it has no obligation, moral or otherwise, to "develop" the man. The motivation, the desire, the effort, the obligation, and the responsibility for development lie with the man himself.

Development is not something you do "to" a man. If the approach is manipulative, it is very apt to fail or fall short. This is particularly true of the young men entering the business scene. All over the country young men are now coming to business concerns with the attitude: "Here I am. Develop me." This is wrong—for them and for the company. It just does not square with the facts of life, in or out of business.

And so the young men come to us with a wrong feeling about the basis upon which they are coming in. They feel that the Company is lucky to get them, and that they are here not so much to earn their pay as to be developed. It is really not their fault, but it is way off the beam. What we ought to say is something like this: "We'll give you a real opportunity to grow and plenty of orientation and educational activities. But please do not come in here unless you want to work hard and earn your pay and develop *yourself*.

Don't come to us unless you recognize that the responsibility for your development is primarily yours."

The *obligations* and *responsibilities* for development rest with the individual. However much and however often it may be obscured, this principle is finally unavoidable.

PRINCIPLE III:
The development of people cannot be based upon any set of ideal or specified "personality characteristics or traits".

I know that many of us have been trying to do it that way for the past twenty years, but it doesn't work very well. Why not? The following bit of personal experience gives us an indication. When I came in from Operations to work on the research team, they asked me some pretty sharp questions. They said, "You are going to develop managers for the General Electric Company?" I said, "I am going to try to help managers to develop themselves." They said, "The main thing is to have a good manager, isn't it?" I agreed. They said, "What is a good manager? What are the personality characteristics a man should have in order to be a good manager?" Well, I went off and did some thinking about that one. And the more you think about it the tougher it gets. Suppose you could arrive at the personality characteristics of the ideal manager. Would you then set up a prototype ideal manager who had only these ideal personality characteristics and no others? Would you proceed to try to raise a race of supermen who had these ideal characteristics? Before you got half-started, of course, you would be heading toward forced conformity and uniformity. But suppose you actually could somehow produce a breed that were all alike, and suppose you had this uniform crowd managing the Company; it would be a sour omen for the future, because this Company's strength always has been in the individuality of the people who compose it.

Another serious difficulty arises if you are going to work toward any sort of ideal "personality pattern": What, in the face of such a pattern are you going to say to the managers now in place? Shall we say that they must conform to this ideal pattern or be fired? How do we account for the fact that we now have some managers—good managers, who are tough and rugged "personalities", others who are quiet and thoughtful men, others who are aggressive-salesmen type, and others just as widely assorted, all good managers? The truth is that there just isn't any standard pattern of personality traits that make a good manager.

In my judgment, and I have tried it many times, "rating sheets" based upon "personality traits" have generally failed in actual application. Time and again men who rate poorly turn out to be good managers, and vice versa. We have to take men as they are, with the "traits" that they have, and try to bring about their development from that basis. So the focus is upon the work rather than the individual "personality". Work can be seen, identified, analyzed, measured. Work is specific, tangible, "get-at-able". And work is basic: This whole Company is a group of people who are banded together to do work. That is what we are all here for: to do work in return for money and personal fulfillment.

In the field of management particularly, there is an important checkpoint in evaluating a man's work, because there is a single common denominator among all managerial jobs. Whether he is in charge of a research laboratory, a dress shop, a cafeteria, or whatever, the manager must get results through the efforts of other people. This is the common element. The manager's assignment is always too big for one man to do by himself, so he has other people working with him to get it done.

There are three things that a manager must know: (1) the product or service, (2) the specialized work of the operation he is managing, and (3) the common denominator of getting results through other people. The third factor is the particular work of the manager. With a reasonable amount of breaking-in, he can often learn the first two. But his ability in the common denominator is what really qualifies him. Therefore, in one's search for managerial talent, one should seek not men with certain "personality traits", but men who indicate or demonstrate an ability to do this kind of work.

This viewpoint, this emphasis, puts things on firmer ground than in much previous planning. It provides a more logical, reasonable, and therefore reasonably secure framework upon which to base action, instead of 99 different ideas that somebody might have about what is important in managing, what other courses and procedures have been like, and what kinds of thinking the man ought to be trained in.

PRINCIPLE IV:

A man's development is 90% the result of his experience in his day-to-day work.

Researching this subject, a group of outside interviewers talked to three hundred General Electric Managers, men who had developed to the point where they had actually been appointed to positions of managerial responsibility.

The interviewers asked these men: "What do you consider the thing that was most important in your development? What did the Company do to help or hinder your development?" These, remember, were outside interviewers; the sessions lasted 2½ to 3 hours; and the anonymity of the managers was protected so that they felt free to say exactly what they pleased. And 90% of them said, "I got my greatest development when I was working for so-and-so in such-and-such a place." Only 10% attributed major developmental importance to educational background, special courses, rotation, etc., etc. The outstanding factors by a wide margin in the development of these managers were the manner in which the man was managed in his daily work, the climate in which he worked, and his relationships, particularly with his immediate manager. These are the things that helped him develop more than any others.

This same point is proved by another quite intensive (and expensive) piece of research. The records of 890 General Electric managers were punched on IBM cards and run off for correlations. The objective was to find out if any significant number of managers had arrived at their positions due to any one significant factor among the 45 factors studied. For example, had they progressed because they had held a lot of different jobs, that is, because of rotation? The answer was no. Present General Electric managers had held assignments in an average of 1.1 functions since coming with the Company. Significant correlations with education, functional background, and many other things were looked for, and none was found. Here was further proof that when the first group interviewed gave only a 10% weight to civic activities, outside courses, rotation, etc., they were probably rating them about right. All these things are important, but the direct daily experience is so much *more* important that there is just no doubt about where the major attention should be directed. Every man in the Company is having experience in his day-to-day work that tends to develop him or to retard his development. He is daily reacting to the climate in which he works and to his relationship with his immediate manager. And these appear to be the most important factors in the development process.

PRINCIPLE V:

Opportunity for development must be universal.

Everybody in the Company must be given opportunity to develop. Not just a small group, not even a large group, but everybody. There can be no dividing lines between "promising men" who will be developed and "unpromising men" who will be ignored. There can be no separation of the sheep from the goats. Opportunity must be available for everyone who is motivated to accept it and go to work on it.

Very many development programmes today—indeed, many of our own in the past—have been based on this idea of selecting the "high potential men", picking ten out of a thousand and saying, "These are the boys we will develop." During the process of researching the merits and demerits of this very common practice, one of the "promising young men" lists of ten years ago was dug out. There were 143 names on it. The question arose: "Where are these boys today?" The researchers proceeded to look around and find out. Only 37 per cent of them had achieved the success predicted for them. It shows how wrong these arbitrary "crown prince" theories can be.

There are historic warnings against the "promising young man" type of selection for development. Abraham Lincoln, for example, was a consistent failure in his early life; he failed in the Legislature, failed in the Senate, and went through bankruptcy; he certainly wouldn't have been on anybody's "promising" list.

It follows, as a basic principle, that everybody must be given a chance, and that no artificial distinctions can be made during the developmental process. Obviously the man of limited ability is not presented with the same opportunity that is given to one of your real up-and-coming bright young men. But each of them gets the appropriate opportunity. The lesser man is not cut off from all opportunity. He is offered appropriate opportunity in the beginning and subsequent opportunities as earned.

PRINCIPLE VI:

Primary emphasis must be on development in the present assignment, rather than emphasis on a promotional ladder.

There is no attempt here to ignore the importance of promotion as a developmental factor. But if undue stress is laid upon the promotional ladder, everyone begins to feel that he is in his present job only temporarily; that he is on his way up the ladder; that he must devote most of his attention to looking ahead to the next rung and not to getting his present work done. This means that the Company's work doesn't get done, and you couldn't have a worse result from a development activity. Furthermore, when main emphasis is on promotion, the inevitable outcome is a lot of expectations that cannot be fulfilled and a lot of promises that cannot be kept. The final result is apt to be unnecessary disappointment all around.

Research to date points to saying something like this: "Boys, keep concentrating on doing today's job particularly well. This is the base from which all advancement is made." It also has the great advantage for the man's incumbent manager that it helps get the work done. Thus, while a manager is helping people develop, at the same time he is making his own job easier, not more difficult. It is wise to hold down super-imposed special development activity which cuts into the day's work or takes time away from getting results, and producing profits. The development process should be integrated with the normal conduct of the business so that they work together instead of competing for the manager's time and energy. The manager's work is actually simplified, rather than being made more complex, by the development process.

Now, this question may come up: "If the man who is working on development concentrates solely on his present job, is he not failing to broaden himself for bigger responsibility, and won't he be unable to take the bigger assignments when they come?" The answer is that it is recommended that he concentrate not solely but primarily on the present job. While he is thus concentrating he is encouraged and helped in every way that will broaden him and make him capable of taking on the bigger job which the future may hold in store for him. At the same time his advancement is directly related to performance on the present assignment. When he moves up, he has earned it. This eliminates the "replacement table" kind of set-up in which everybody is on the move all the time, or thinks he should be on the move all the time, and in which a lot of people are always frustrated and mad and dissatisfied. Broadening-for-the-future should be an additional factor; the main objective is doing better what you are doing now.

PRINCIPLE VII:

Managing is a separate and distinct kind of work which is emerging as another profession.

This fact must be recognized both in planning a man's development and in actually appointing people to managerial positions. We must, therefore, get the best possible answer to the question: "Does this man have the capabilities and drives to enter the profession of managing, or should he continue to progress in his present field?"

Take for example an engineer; his profession is engineering. If he is made a manager his profession is changed from engineering to managing. But it does not necessarily follow that a good engineer will make a good manager. He may or may not be well suited to the profession of managing. It is of pivotal importance to judge as accurately as one can in advance whether he is or not. We must estimate, from sensitive observation of his work, whether he has demonstrated the desires and capabilities that fit a man for the profession of managing. This is a safeguard against the very common mistake of saying, "We need a Manager of Engineering. We'll look around and pick our best engineer and put him in this spot." If we followed this line of reasoning in, say, baseball, Ted Williams would be Manager of the Red Sox. Quite often, in the past, the best engineer was made Engineering Manager, and failed. The star individual salesman was made Sales Manager, and failed. Not always, but often, there are many exceptions. So, many times the outstanding individual performer is made a manager, and we lose the good individual performance and get a mediocre manager; all because of failure to realize that managing, in itself, is emerging as a profession, with its own particular professional requirements.

In planning a man's development, the first question is: "Is this man in the right kind of work? Is he headed in the right direction for him?" It is really a difficult decision to make, but if man and manager look at it from this point of view, the chances of making good choices are considerably improved. General Electric Policy makes this important statement of intent: "In making the choice between manager and individual contributor positions for a man, remember that the General Electric Company owes much of its success to the fine work of individual contributors, and rewards for such work can be and should be equal to those for managerial work." This is a statement, remember, of intent. The rewards for an individual contributor's work should be equal to the rewards for managerial work. It is not yet true in practice to the extent that it should be. But we are working toward that position, and we are making progress.

Personally, I can see a lot of advantages in being an individual contributor. An adult does not yearn after the trappings of prestige. What he wants is fulfillment in his work. He wants a clear area of work and teamwork, and he seeks primarily recognition for his professional capability rather than in the social hierarchy of the Company. Of course there is an element in all of us which is something less than adult. And it often happens that an individual contributor who is getting full recognition professionally is unhappy because in the social life of the Company he sees men whom he believes to be lesser men than he is intellectually, but who nevertheless are getting certain perquisites that he is not getting, and naturally it eats him a bit (and his wife, too).

PRINCIPLE VIII:

Decentralization of decision-making is a prime instrument of development.

Decision-making muscle is developed only by making decisions. There are many books on the subject of decision-making, and of course there is much value in studying them, but no one can really develop judgment and learn how to make good decisions except by actually making decisions. As in golf, bridge, and any other skill, learning is done not only with the head, but with the muscles and the intestines, and this kind of learning comes primarily from doing. Now, decision-making opportunites for men working on their development are not available if most of the decision-making power is concentrated among a few of the top brass instead of being spread out at the periphery. Organization structure, therefore, is an important and inherent part of the development process, because it opens or limits the field for individual decision-learning.

One big company discovered that many of their best executives came from small isolated plants. They wondered why. They investigated and found that the development of these men had been greatly stimulated by the opportunity, indeed, the necessity for making decisions as they came up. When Mr. Cordiner decided to decentralize, he had this factor in mind. The man in the decentralized component is relatively autonomous. He has to make decisions for himself right there on the job. Decentralization puts many men in a position to decide independently who otherwise would be running upstairs to get their proposals checked and having decisions handed down to them from above. Then if anything goes wrong they say: "You told me to do it." They have no responsibilities and so no opportunities for developing good business judgment, which is a prime requisite in the entire process of managing.

PRINCIPLE IX:

The incumbent line manager at all levels is responsible for the development of people who work under his direction.

This principle is somewhat of a departure from previous practice, so the reasons for it need particularly to be understood. Many managers say: "My main job is to make the product and bring in the profits. I'll let my personnel man do the developing work, or I'll get a staff man, or I'll send the boy to a school and let them develop him."

It is not possible for a manager to delegate the development process to someone else. He can delegate the legwork and some of the educational activities, but primarily he has to carry the responsibility himself. Part of the description of his job, part of the rule against which he is measured, is serious and intensive work in helping the people who report to him to develop themselves. He must watch the climate that exists; he must make development plans for and with his men; he must originate opportunities and work situations which will challenge and develop these men.

Very often, in cases where the development activity is carried on as a separate and special "programme", the results can be detrimental instead of constructive. A man may be "appraised" by someone other than his own manager, he may take special company courses and engage in other "developmental" activities and acquire considerable information and inspiration. This may lead him to see some of the shortcomings and faults in the organization in which he works and he will return to the job full of enthusiasm for improving the whole operation. In many cases this is a good result, but in many others he finds a very apathetic or even hostile reception to his ideas. If the manager with whom he works regularly is not interested in his development, and is on the defensive (as they often are), a frustration and resentment will be built up in the individual, which may lead to retrogression instead of development.

Further, as indicated in Principle IV above, a man's development is heavily dependent on the climate in which he does his daily work and is particularly sensitive to the relationship that exists between himself and his immediate manager. Thus, it is almost certainly true that the line manager himself must recognize his responsibility for helping people develop.

PRINCIPLE X:

Moral and spiritual values are basic in the development process.

If there is too much emphasis on science, mathematics and accuracy, the obligations that stem from this key principle may be overlooked. As a matter of fact, not only American business but American history is at a crossroads in this connection. For a long time now we have been growing more and more materialistic, making more and more progress along lines of material science, making great discoveries about the atom and electronics and chemistry and many other things. This multiplying knowledge of the physical world gives man enormous power, and with it, enormous obligation to be right.

Throughout history, the human being has advanced very little or not at all, while the scientific and physical things he has in his hands have grown out of all proportion. It is a terrible commonplace to observe that man now has the power to destroy himself and his world. We must find the way to greater wisdom in handling our present power for good or evil, or we will leave a terrible mess for our children to live in.

It seems absolutely necessary that we reach out and try to find some wisdom greater than our own, greater than the merely human. We have to find and clear a pipeline to some higher source. We have to reach out and up for the great help we need in making decisions with regard to these physical things and the people involved in them. The decisions of American business managers are going to have great effect upon the course of the world. This is a business-oriented society. Businessmen have real leadership in this country. And this country has real leadership in the world.

The quality of our decisions, particularly those in regard to people, must be really good and really high.

These are ten thoughts which may serve as guides for those interested in the development of people. They are oversimplified, and are only a few facets of an extremely complex problem. As a matter of fact, I would say one of the principal findings of our research project was that we need much more research, before we even begin to know even an appreciable part of the many factors involved. There are great gaps in our knowledge which may not be filled for generations. Our research is continuing and we are working closely with other businesses, universities and others. We hope that in time we will have a body of solid knowledge about the development of people, which will enable all our managers to do, more effectively, this development task which is both their high obligation and great opportunity.

THANKS OF THE MEETING were expressed by Mr. Harold Gillingham.

"OUR PARTNERSHIP"

An Address by

HON. ANTONIO BARRETTE
Premier of Quebec

Thursday, April 7th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Today is a proud occasion in the history of The Empire Club of Canada. Although this Club has been in existence for 57 years and although our guests have embraced political personalities from the four corners of the Globe, today marks only the third time in our long history that we have been honoured by a visit from the Premier of our neighbouring Province of Quebec. In 1912 we were addressed by the Honourable Mr. Taschereau and then in 1940 by the Honourable Adelard Godbout, Premier at that time. Thus, 20 years have passed since the official voice of Quebec has been heard at this forum. It is time indeed that this situation should be changed. We are delighted to have you with us, sir, and this imposing head table, including our own Premier, and this impressive attendance display our pleasure at your visit.

The Hon. Antonio Barrette, Premier and also Minister of Labour of the Province of Quebec, has had an amazing career. He was born in 1899. His formal education was limited. He left school at the age of fourteen and was hired as a messenger at the C.N.R. Shop in Joliette on the night shift. For these services he was paid the princely sum of five cents an hour for thirteen hours of night work. Needless to say, in those days the C.N.R. did not boast of such handsome deficits as it now enjoys.

In 1936 he commenced his brilliant political career. I should mention, too, that Mr. Barrette is a past secretary of the International Association of Machinists of which he is still a member in good standing, and acted as Chairman of the Regional War Labour Board. He has received Honorary Degrees from Laval University, from Montreal University and from Bishop's University.

I am told that his popularity with the citizens of Joliette is unparalleled. He is known to everybody there as "Tonio". He has been successively re-elected, always with increased majorities, in the same County, from 1936 to the last election in 1956. He has played a decisive part in the labour field in his Province. He has advocated progressive labour legislation. He has devoted countless hours to the successful mediation of labour disputes.

And now he has assumed even greater responsibilities.

The Hon. Antonio Barrette took his oath of office as Premier of the Province of Quebec on the 8th of January of this year, a few days after the death of the Hon. Paul Sauvé, who had succeeded the Hon. Maurice Duplessis, father of the National Union Party. It is characteristic of this man that he had not presented himself as candidate for the office left vacant by the death of the Hon. Paul Sauvé; and he only accepted the task of directing the Government of the Province when complete unanimity concerning his choice had been attained amongst the Legislative Counsellors, the Ministers and the Deputies of the National Union Party assembled at a "caucus" in Quebec on January 7th.

There have been eighteen Premiers of Quebec since Confederation. Of these eighteen, thirteen were lawyers, two were doctors, one was a notary, and one an agronomist; but only the eighteenth, Mr. Barrette, can proudly call himself, a genuine workman.

Mr. Barrette, we give you a hearty welcome to The Empire Club. And we ask you now to address us with a very fitting theme—"Our Partnership".

THE HONOURABLE ANTONIO BARRETTE: The first invitation I received to address a Club, after I became Premier of Quebec, was the one that was so cordially extended to me in your name, by Mr. Jupp. Being desirous to meet the best of people, so that I would only have nice things to say about Ontario to the citizens of Quebec upon my return home, I availed myself of this opportunity to come to Toronto and promised solemnly about two months ago that I would be here on the 7th of April. I tell you right now how pleased I am to be your guest this noon, and I wish, in the same breath, to thank you, Mr. Chairman, for your kind words of welcome and for the good sentiments you expressed towards the people of Quebec.

Now, gentlemen, what could I tell you that could be of some interest to you? There is nothing you don't already know about Ontario, and it would be of very poor taste to speak only of Quebec and talk about the wonderful accomplishments that have materialized very recently in my Province. Moreover, I don't intend to try and express new ideas on old topics or old ideas on new issues. Neither did I come here to preach a new doctrine, a new canadianism, or a new political philosophy.

As you also know, the title of a talk does not mean anything. So, the title of the address I am supposed to give here today offers me a wide choice of subjects. I wish to assure you that I don't intend to abuse your hospitality, because I wish to create a good impression here and also because I am convinced you don't like long speeches; and I must remember that Mr. Frost has very graciously invited me to visit officially the Ontario Legislature this afternoon.

Gentlemen, taking all this into consideration, you may rest assured that you will have plenty of time to do an honest half a day's work between my so-called lecture and your dinner this evening. You all know about this speaker who was giving a talk and who began by saying that an address had to resemble the dress of a pretty woman. It had to be low from the top—and high from the bottom. It had to be long enough to cover the subject but short at both ends. What would I tell you in about twenty minutes that would resemble the dress of a pretty woman in this respect? With this in mind, I abandon the idea of delivering a lecture and decide to tell you that I come here very simply to pay you a visit.

As, naturally, I will be for many years Premier of Quebec and will have, I hope, the advantage of being invited again to Toronto or elsewhere in Ontario, I will have other occasions to speak outside of my Province about the participation of Quebec to the wealth of Canada and its contribution to the welfare of the Canadian people. Our vast country "a mari usque ad mare" is not too large since we need all the ten Provinces to go from sea to sea.

If a part of our country were separated from us, if some Provinces or even one Province would cease to contribute to our national life, at any of its levels, or would diminish its participation in any of the fields of our activities, we would all be weaker and poorer not only materially but also spiritually and culturally. If the emulation between our Sister-Provinces ever decrease, it will be a loss not only for Ontario and Quebec but for the whole of Canada. This emulation between our Provinces in the economic and social fields translates itself into economic progress; this friendly emulation is not something new, it goes back to the first part of the last century, when Ontario and Quebec fought together—in the real sense of these words.

Later on, the political leaders struggled long and hard to destroy the Family Compact and to establish the rule of democracy. Time and again, from then on, the political leaders of our Provinces have entered into partnership for the defence of their rights and for the protection of democracy against bureaucracy. There is never an end to that vigilance, as free enterprise, private ownership and individual freedom will always be threatened, from certain sources, and must always be safeguarded and protected.

I may say that today the partnership between Ontario and Quebec finds its expression in joint endeavours to create economic progress and to stimulate social progress. I could quote several instances of the beneficial effects that have derived from our partnership. Let me mention some examples: the Seaway, the harnessing of the Carillon Rapid on the Outaouais River for the production of hydro-electric power which will provide our industries in Ontario and Quebec with the additional power they require to increase their production and productiveness.

I am with you today as a partner, a neighbour, and a friend. Quebec offers to Ontario a partnership, an alliance, a friendship, which it knows in advance, from past history, that Ontario does reciprocate; a partnership, an alliance, a friendship with a threefold aim: the safeguarding of political freedom and free enterprise which are indivisible; the stimulation of industrial expansion, and the acceleration of social, educational and cultural advances. We are happy of the achievements of Ontario in all sectors of economy, and I frankly say that the beneficial results of your progress are felt in Quebec. In turn, we hope that what has been accomplished in Quebec may also provide a source of inspiration for Ontario. When we want to know in Quebec if we have accomplished something really worthwhile, in the fields of education, public health, development of natural resources, we compare what we have done with what has been achieved here. Will you allow me to say that sometimes we are also very happy and proud of our own achievements, especially when we think that we have done at least as well as you have done yourselves, and I add immediately that you set up the goal pretty high for us.

It shall be said here and now, that the industrial expansion going on in our two Provinces brings with it an improvement in the standard of living for the people of Ontario and Quebec, which make up for at least two thirds of the population of Canada. Furthermore, this industrial expansion sustains the economy of the country. We have many things in common: taxes, labour income, profits, standard of living, social progress, vast natural resources, industrialization, and great hopes for the future. Profits of industry mean better wages. The taxes paid by industry mean social security. The production of our industries, in Ontario and Quebec, means a higher standard of living for the entire country.

Gentlemen, as I said at the outset of those brief remarks, it has been a genuine pleasure coming here today and talking to you at this luncheon. However, I feel that this is more than just a courtesy visit during which best wishes are exchanged. There is something empty and superficial about courtesy visits, and I don't think they add much to the good relations which should exist between not only Ontario and Quebec, but all the Provinces of Canada.

I am sure you all are aware of the changes which have taken place during the past quarter century in the relations between Ontario and Quebec. Although it may not be pleasant to recall, I think you will admit with me that in the not too distant past many differences of opinion existed between the English-speaking population of your Province and the French-speaking population of Quebec. Today, I am happy to say, these differences have, to a great extent, disappeared. And I think that they have disappeared largely because during the past 25 years we have come to know one another better and understood one another better.

Today, Ontario and Quebec want to work together. But I would like to make it clear that we want to work together not "against" any group or "against" any government but for a cause, an ideal for the people of Canada and with all those who believe that provincial diversities are an enrichment to the country.

The tremendous economic development which is expected in Canada during the next few years poses serious problems . . . problems which require strong leadership if they are to be solved. Ontario and Quebec, working in co-operation with the other governments of Canada, can help provide this leadership.

THANKS OF THE MEETING were expressed by Brig. W. S. Rutherford.

"LLOYD'S OF LONDON"

An Address by

SIR WALTER BARRIE
Past Chairman, Lloyd's of London

Thursday, April 21st, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: The name "Lloyd's of London" is redolent with mystery and adventure. It suggests the tang of the sea and the aroma of coffee and tobacco. It denotes a fabulous phantom organization that has no corporate existence but pervades every sphere of life where risk is involved. It wagers with the whole world against every conceivable contingency from the vagaries of the elements to the Queen's pleasure.

No one is better qualified to draw back the veil from this mystery than our guest of honour today. Sir Walter Barrie has been a member of Lloyd's since 1926. He is a marine underwriter and was first elected to the Committee of Lloyd's in 1946. Since then he has served two years as a Deputy-Chairman and four years as Chairman.

Sir Walter was born in the year 1901 at Coleraine, the youngest son of the Rt. Hon. Hugh T. Barrie who was member of Parliament for North Londonderry from 1906 to 1922. He was educated at Coleraine Academical Institution and Merchiston Castle, Edinburgh, and later graduated from Gonville and Caius College, Cambridge. He received his knighthood in the 1958 New Year's Honours List.

Going back briefly to Sir Walter's business career, he was elected a member of the Committee of Management of Lloyd's Register of Shipping in 1949. He is a Trustee of Lloyd's Patriotic Fund and in 1957 was awarded Lloyd's

Gold Medal for services to Lloyd's. He has been President of the Insurance Institute of London and is now Vice-President of the Chartered Insurance Institute. He is also a Director of the Westminster Bank, Limited.

It is a pleasure to present to you Sir Walter Barrie.

SIR WALTER BARRIE: This assignment, if I may use the term, has for me two particular attractions. Firstly, there is something of a novelty in talking about Lloyd's to an audience other than from the insurance community at home. I have read a great deal of what is said about Lloyd's Underwriters sometimes with mixed feelings, not always with approval, and perhaps I can take this opportunity of correcting some of the prevalent misapprehensions which seem to be held about Lloyd's.

Secondly, you have provided me with an excellent reason, I was tempted to say excuse, to visit your great country; not that this is my first visit. I was in Canada during World War II, but I must admit that it was a visit restricted to a matter of seconds as I stepped off the "Maid of the Mist", on the Canadian side of Niagara, with my passport alas franked for one entry only into the United States. I dared not risk incurring the attention of any zealous immigration officer and the complications which might follow, and in consequence my stay lasted merely as long as it took Canadian passengers to disembark.

There is a third reason, important to me but which may seem less so to you, and that is my visit has the full approval of my wife, largely, I think, because she is accompanying me and we are able to enjoy together this opportunity of seeing something of your country and couple with it a short visit to the United States. Though not as brief as on the earlier occasion I was in Canada, my visit is nevertheless limited, and I hope that I may be able to return in the future for another more leisurely trip from coast to coast.

Canada today is a great nation and has a wonderful and assured future. It possesses mineral resources, the surface of which has as yet merely been scratched, and it seems to me that there is a tremendous potential and opportunity for the development of Anglo-Canadian trade. A year or two ago a most important delegation of Canadian business men led by the Hon. Gordon Churchill, your Minister of Trade and Commerce, spent the best part of a month touring Britain seeing for themselves how our industry and commerce function, and talking to their British counterparts with, I hope, reciprocal benefit and interest. We were privileged to entertain at Lloyd's representatives of this delegation led by Mr. J. S. Duncan and their visit was for us a memorable occasion.

Trade and exchange between our two countries is not restricted to the normal channels of goods and finance; for there is also an exchange of ideas, skill and intellect: more nebulous, perhaps, than manufactured goods, but equally if not more important. I have only to mention names like Beaverbrook, Peacock and Weston to realize that Canadians can make their mark at home as well as in their native Canada. The exploitation of your natural resources has been greatly accelerated by the benefits of modern Science; I think immediately of Aircraft, Electronics and last but not least the magnificent new Seaway to the Lakes—these and other symbols of the twentieth century have helped in surmounting the particular problems presented by the severity of your winter, and brought the outlying but important posts of your vast country within relatively easy reach of each other, whether by air, water or land.

It is perhaps desirable to preface my remarks about Lloyd's with a reference to history, for it provides the background to our development over 272 years, and in many ways illustrates clearly why we remain a Society of individuals, in the main as free in our choice of business as were the customers to the Coffee House of Edward Lloyd at the close of the 17th Century. The first known reference to Lloyd's Coffee House in Great Tower Street appeared in the London Gazette in 1688, although it is likely that the Coffee House was established and flourishing before that time.

Edward Lloyd was an astute man, and perhaps something of an opportunist, but he was not, as some believe, the founder of Lloyd's the insurance market. His primary interest was in selling coffee and the profit therefrom, and he applied himself energetically to that business pursuit. Lloyd's Coffee House, being situated near the River Thames, attracted a clientele of mariners and seafaring men in general. Among them were those prepared to accept Marine insurance risks for the payment of a premium; in doing so they were merely customers of Lloyd who was not, of course, liable for their business activities, or indeed concerned in them. Nevertheless his Coffee House was the embryo of the international insurance market to which Lloyd's has developed. As time passed, prospective insurers realised that the most likely place to find underwriters for their business was Lloyd's and the Coffee House and its proprietor flourished accordingly through the regular and increased patronage this reputation attracted. The circumstances were not, however, entirely fortuitous, for Lloyd was quick to appreciate the potential benefit from the specialised character his Coffee House was acquiring. He actively encouraged the business trend by providing his customers with pen, ink and paper, shipping information obtained from the docks by runners, and later by the publication of a news sheet called "Lloyd's News".

The success of this last enterprise was thwarted by the inclusion in the 76th edition of a paragraph that offended the House of Lords. For inexplicably Lloyd ceased publication rather than apologise, and thus came to an end a sheet which can, nevertheless, be regarded as the forerunner of "Lloyd's List", Lloyd's own daily newspaper first published in 1734 and which is, with the solitary exception of the official "London Gazette", London's oldest daily newspaper.

In 1713 Lloyd died and left a flourishing coffee shop, but no indication that his name was destined for international fame. Under successive masters the Coffee House carried on under his name much as before. The clay of Lloyd's as an insurance market was, however, in the process of being moulded, for in 1720 King George I granted a marine insurance monopoly to two companies, the Royal Exchange Assurance and the London Assurance. Fortunately for Lloyd's the drafters of the statute were not as efficient as they might have been, for the charter omitted to preclude individuals from transacting insurance. In consequence, the gentlemen at Lloyd's went merrily on their way, and an event at first opposed by them proved very much to their advantage. But for that ministerial slip, Gentlemen, I might not be addressing you today. Undoubtedly this 1720 Act was a stimulus rather than a deterrent to the business at the Coffee House, whose customers opposed the abolition of the Act in 1820 as actively as they had its introduction a century earlier. There must, I feel sure, be a moral here somewhere! The years of this Act were eventful for Lloyd's. In 1734 Lloyd's List was published and in 1760 Lloyd's Register of Shipping, from which the famous symbol "A1" is derived, made its appearance at Lloyd's Coffee House. Lloyd's Register will therefore be celebrating its bicentenary this year.

In 1764 customers at the Coffee House acted for the first time in unison and showed some evidence of the existence of a communal spirit. Two years later the customers at Lloyd‘s Coffee House agreed to pay a subscription of £100 each into a fund held in the names of a committee elected by ballot, for the purpose of acquiring new and bigger premises; in this way the first Committee of Lloyd's came into being.

Unfortunately, the Committee was not over-enterprising in its search for a home, and it was left to John Julius Angerstein to provide the necessary initiative and energy. On his own and without even being a Member of the Committee he negotiated rooms for Lloyd's in the Royal Exchange. Here the market was to move in 1774 and remain for 154 years, with the exception of a break between 1838 and 1844, when the rooms had to be re-built following a devastating fire. It is perhaps appropriate that Angerstein, who is known as the "Father of Lloyd's", should have come to the fore with a display of enthusiastic drive, for it was typical of his character. Angerstein was a combination of successful business man, philanthropist and patron of the arts. He died in 1823, having dominated the Llody's scene for half a century, and his art collection became the nucleus of our National Gallery.

The move to the Royal Exchange brought about an essential and important change at Lloyd's. For the first time the premises came under the control of the subscribers, and the Master of the Coffee House became their tenant. Not until 1796, however, was admission to Lloyd's restricted to selected subscribers whose election had to be supported by six others, which was a most important stage in the metamorphosis from Coffee House to a fully mature society.

In the next 75 years great developments took place. The private character of Lloyd's was consolidated by restricting Membership and increasing Subscriptions, by giving the elected Committee increased authority, and by regulating the basis on which Committee members serve.

An apopintment of a secretary was made in 1804, though it was an appointment of expedience, and had about it something of the flavour of the Gilbertian. To that date correspondence from Lloyd's had been signed by the head waiter at the Coffee House, and about that time a Lord Camden took up a position at the War Office. As a past Viceroy of Ireland, a Member of the House of Lords, and His Majesty's Minister for War, he "graciously consented to correspond with Lloyd's. It was, however, a distinct shock to his pride to discover he was receiving replies from a head waiter —albeit a Lloyd's waiter. His Lordship's reaction was immediate and emphatic; he wrote "declining to enter into epistolatory communication with Waiters at Lloyd's Coffee House". In the circumstances was there any alternative for the Committee other than to appoint the waiter to be secretary?

John Bennett, Junior, on whom the distinction fell, proved an able administrator to whom, more than any other, Lloyd's owes the existence of its international system of marine intelligence. This information is collected from all over the world and the Intelligence Department is open day and night throughout the year for the purpose of receiving and distributing the details to subscribers throughout the world to meet their particular requirements.

In 1871 an Act of Parliament granted Lloyd's incorporation. Then, as now, the Corporation of Lloyd's did not itself transact insurance business, but supplied facilities and premises enabling its Members to do so for their own profit or loss, or, as it is termed at Lloyd's, "each for his own part and not one for another."

I have dealt with Lloyd's genesis in some length, albeit at random, because I feel that there, in its infancy, can be found the influence which has moulded the features of the modern Lloyd's. And it is with the operations of the Lloyd's market of the present that I now wish to deal.

The first point I must stress particularly is that Lloyd's is not an Insurance Company; we are a market composed of individuals operating each for himself and not one for another. In fact it may surprise you to know that Underwriters at Lloyd's are in keen competition with one another. Allowing for the evident outward development since the Coffee House days, the same fundamental principles of underwriting then are still followed at Lloyd's. Over a long period of growth we have voluntarily taken steps to improve the security behind our Policies—the first Members' deposits were made before there was any legal obligation to do so, and the Annual Audit was introduced in 1908 before there were any statutory requirements for Underwriters' accounts to be examined by independent Accountants. At the same time a meeting of Members decided that all premiums must be held in trust.

Lloyd's originally was a Marine insurance centre. However, 60 years ago, Non-Marine insurance was underwritten at Lloyd's by a very great insurance man, Cuthbert Heath, although he was at the outset a Marine Underwriter; indeed he continued to write Marine business until his retirement, but his skill as a pioneer of new types of insurance led to his becoming a Non-Marine Underwriter writing a small Marine account. Cuthbert Heath was a genius and, like Angerstein, a man of tremendous foresight and great courage, with a mind remarkably open and receptive to new ideas. New types of insurance were to him a challenge to be accepted rather than a novelty to be avoided. He pioneered many classes of insurance which are today household words—among them Earthquake, Burglary and Theft, Householders' Comprehensive policies, Jewellers' Block policies and All Risks insurance on private jewellery. The development of Aviation insurance also owed much to him. There was one other of Mr. Heath's innovations which sent cold shivers down the spines of Lloyd's competitors in those days. That was the insurance of Loss of Profits—or, as you know it here, Use and Occupancy or Business Interruption insurance. The orthodox market said it would ruin the moral hazard. Mr. Heath replied that he would not grant such a policy to any Assured where there was any moral hazard at all. Loss of Profits insurance is now so generally accepted as an essential business precaution, that the gloomy foreboding's of Mr. Heath's critics seem to have been rather exaggerated.

Today quite half the Underwriting Room at Lloyd's is occupied by Underwriters doing only Non-Marine business (whereas there was scarcely one such Underwriter in 1900). Last year the Committee of Lloyd's commemorated the centenary of Mr. Heath's birth by a fund with education as its prime object, and to which the Lloyd's market contributed generously. I have interjected this picture of a great Lloyd's man into my narrative because in the late nineteenth and the early part of the twentieth centuries he left an indelible mark in the history of the development of insurance.

Th Lloyd's Act of 1871 was modified by the Act of 1911, which recognised the existence of Non-Marine business at Lloyd's and today the Non-Marine premium income exceeds by a considerable margin the combined Marine and Aviation premium income.

Our first records of premium income date from 1913, when 624 members wrote almost £13,000,000 sterling, 70% of which was marine; in 1929, after we had moved from the Royal Exchange, 1412 members wrote a total of £24,000,000 sterling, and after we had moved into our present Building the total premium income of some 4,700 members had reached £233,000,000 sterling, or, in your currency, approximately 625 million dollars.

Over these years large reserves have been built up individually and the Audit test required by the Board of Trade has been constantly reviewed to meet changing conditions. I think it might be appropriate now to give you a short resume of the Security behind a Lloyd's Policy: 1. Premiums Trust Funds, 2. Underwriting Reserves, 3. Each Underwriting Member is liable to the full extent of his private fortune to meet his insurance obligations, 4. Deposit lodged with the Committee of Lloyd's, and 5. Central Fund. Perhaps I should explain Numbers 1 and 5. All premiums received by the Underwriter must be placed in Trust to be used exclusively for the payment of his underwriting liabilities and expenses. In due course each year's account is closed, and only after adequate provision has been made for all outstanding liabilities as required by the Audit Regulations which must be approved by the Board of Trade, and only then, is any profit released to the Underwriter. Every Lloyd's Underwriter is required to contribute annually to the Central Fund, which presently amounts to several million pounds. It is held in trust to meet the underwriting liabilities of any member whose assets, which I have just mentioned, prove to be insufficient to meet his liabilities.

Early in the 1920s the problem of accommodation became acute with the expansion both of Membership and business. In 1923 we acquired the freehold site of East India House in Leadenhall Street, and later became the proud owners of a new building which was opened by King George the Fifth in 1928. Less than twenty years afterwards we were again seeking room to expand and eventually we secured possession of an adjoining site, where our present building stands. We were honoured by the presence of Her Majesty The Queen to lay the Foundation Stone in 1952, and five years later Her Majesty Queen Elizabeth, the Queen Mother, opened the building, which should be our home for many years, with the old Lloyd's available close at hand if future expansion becomes necessary.

Lloyd's Brokers provide the only channel through which insurance business can reach the Underwriters at Lloyd's. There is no contact between Underwriter and assured except through a Lloyd's Broker. The term "Lloyd's Broker" is loosely used and the real definition is "An Insurance Broker who is entitled to place his business at Lloyd's." In fact he can and does use all markets, and in the absence of specific instructions from his client it is his duty to find the market which will give his client the best terms consistent with good service. Within Lloyd's itself the Broker well knows that individual Underwriters are in competition with one another, and if he fails to find the best market there is every likelihood that another Broker will improve on the quotation.

I cannot stress too strongly that we at Lloyd's have no connection whatsoever with any Insurance Company—we are a free and competitive market. The Corporation of Lloyd's does not engage in insurance business at all, and the duty of the Committee today is in many ways not unlike that of Edward Lloyd, the original proprietor of the Coffee House. He provided his clients with a meeting place, pen and ink and shipping information. The Committee today does all these things and in addition has the policies signed for Underwriters and controls the volume of premium income which each individual Underwriter can subscribe in his own name. With few exceptions the Committee does not dictate the type of risks accepted by individual Members. It is only concerned with ensuring that they are able to meet the liabilities attaching thereto and that they conform to the basic regulations of Lloyd's.

For two and a half centuries successive generations of Lloyd's Marine Underwriters have been a force in the international insurance market, and I suggest our contribution has provided healthy competition which has inured to the benefit of shipowners and all those concerned with marine transportation.

Over a much shorter period, the Non-Marine market has developed to make its important contribution in the direct field of insurance, in addition to providing reinsurance facilities for other insurers throughout the world.

Lloyd's has the reputation of being a place where anybody can insure anything, and from time to time there appear in the press reports of individuals who, it would seem, have gone to the utmost lengths of ingenuity to find contingencies against which to insure. Literally, of course, Lloyd's Underwriters will not accept anything and everything, but the reputation does, I feel, reflect a genuine confidence widely felt in the flexibility of the Lloyd's market.

Looking to the future, which seems full of opportunity, I confidently believe that insurance has a great deal to offer by its ability to turn the wheels of Commerce and encourage development throughout the world. The special contribution of Lloyd's to the insurance industry is flexibility and adaptability. The Lloyd's Brokers, always in touch with correspondents at home and abroad, are sensitive to every new demand of commerce and every change in the requirements of Assureds, while the Underwriters, so organised as to combine the maximum of enterprise with the highest degree of financial security, are receptive of and responsive to the suggestions brought to them by the Brokers.

In our lifetime the insurance industry as a whole has grown greatly in size and importance. The Members of any successful organization often imagine with complacency, frequently with justification, that as they have been able to grow by the methods used in the past, those same methods must be best and therefore must still be followed. If this attitude were allowed to develop in our business, the result could be disastrous, leading to the abandonment of enterprise and the outlook which says, this is what we have to sell, take it or leave it, instead of an approach which asks, what type of insurance do you require, we will try to meet your wishes.

Cuthbert Heath pursued this latter policy 60 years ago, and whereas no doubt he made the occasional mistake, he did perhaps more than any other of his day to help to build a structure for insurance equal to the task of meeting the evergrowing demands of commerce and trade throughout the world.

In my opinion, Lloyd's today can set itself no higher aim than to follow that same principle, and confidently hope future historians may be able to say we too made a contribution to insurance in the widest sense of the word. At the same time we might be permitted to hope that our mistakes will be few and far between.

THANKS OF THE MEETING were expressed by Mr. A. E. Inwood.

"SOME ASPECTS OF THE PUBLIC SERVICE"

An Address by

HON. S. H. S. HUGHES, Q.C.
Chairman, Civil Service Commission of Canada

Thursday, April 28th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

MR. LAWSON: Before introducing our Guest of Honour I would like to acknowledge one sin of omission which I have committed all too consistently during this past year. (Assuming, of course, that one can commit an omission and, in addition, do it consistently.) I refer to my neglect of our radio listeners. I must confess that when our season started last fall I was scarcely aware that the sphere of influence of The Empire Club extended beyond these four walls, and it is only during the past few months that it has gradually dawned on me that these meetings are attended, not by hundreds, but probably by thousands. Some of our speakers have been tremendously gratified by the response they have received from all over the province, and both the C.B.C. and the Club are constantly getting little notes of appreciation through the mail. So, when I say "members and guests of The Empire Club", I mean both those who are able to be with us in the flesh and also those who are with us in spirit only.

We have with us today a great Canadian. A native of Victoria, British Columbia, a graduate of the University of Toronto and of Oxford, a member of the Ontario Bar, a former teacher at Ridley College, Lieutenant-Colonel in the Canadian Intelligence Corps, Chairman of the Ontario

Highway Transport Board, and Judge of the Supreme Court, he is now the Chairman, since July 1st, 1959, of the Civil Service Commission of Canada. Clearly he brought to his new post an outstanding academic background and a wealth of experience.

The year books of The Empire Club already record three addresses by Sam Hughes but these were delivered by Sir Sam Hughes, the grandfather of our present speaker who served as Minister of Militia and Defense during the First World War. It is a pleasure to present the worthy scion of a great family, the Hon. Samuel Hughes, Q.C., who will speak to us on "Traditional Aspects of the Public Service".

THE HONOURABLE S. H. S. HUGHES: It is now nearly fifty years since my grandfather addressed this Club, and he did it almost at the high noon of that spirit in which the Club was conceived and founded. In the decade before the Great War of 1914, the power and the glory of the British Empire were not open to question. The sacrifice and exhaustion of two world wars in defence of causes which were then and still are believed to have been right and just, had not taken their effect upon a political organism which was generally in these latitudes believed to be the quintessence of western civilization and the principal manifestation upon earth of the rule of law and a service which is perfect freedom. The liberty of the subject, as yet untrammelled by emergency war-time legislation and the controls and taxation which were to accompany it, was everywhere extolled as the birthright of the British born. Glory and disillusion were to follow in full measure, and many honourable men were to seek a solution of their difficulties in the deliberate dissolution of the imperial organization upon the territories of which it was proudly maintained that the sun never set. It is not very long since we believed that the way of life and the political system which flourished in the British Empire, as we then knew it, would be perpetual, and if one takes a long and searching look back over the centuries of human history from the point of vantage, if vantage it is, which we now occupy, the words of the poet laureate of that era, the late Rudyard Kipling, have all and more of the significance which they enjoyed when he first wrote them.

"Cities and thrones and powers
Stand in time's eye
Almost as long as flowers,
Which daily die.
This season's daffodil,
She never hears
What change, what chance, what chill
Cut down last year's;
But with bold countenance
And knowledge small
Esteems her seven days' continuance
To be perpetual."

These were the days when the Colonial Laws Validity Act was still in force, when the Statute of Westminster was still many years from enactment, and when two generations of Canadians had not yet gone forth gaily and with high courage to seal their allegiance with their blood and to raise their country to a position of esteem and confidence in the councils of the world. I am inclined to think that the great sentimental uprising of our people from coast to coast in two world wars has had more to do with the achievement of nationhood in Canada than the earnest consultations of constitutional lawyers and the deliberation of parliaments could ever have achieved. It is even possible that the endeavours of those of our fellow citizens who seek to remove from our national flag any reminder of the tradition and the loyalties which inspired the sacrifices of the past will not add to the stature which we have now attained. There is authority for the proposition that the creation of strange emblems, be they golden calves or synthetic flags, do not of necessity make a nation great. Its name and its fame must be recorded in the words of Joseph Howe, speaking of his own, "on the hills and valleys of the country which God has given us for inheritance and must live, if it lives at all, in the hearts of those who tread them."

But if now a seemingly unbridgeable gulf opens between ourselves and the thought and feeling of fifty years ago, if we find ourselves spiritually as well as geographically placed between two great and alien contending powers, having to assert ourselves daily with a new and distasteful querulousness where formerly no assertion was necessary, we have still much to look back to, and still more to carry forward towards the uncertain horizons of the future. As Saint Paul said about Tarsus, we are citizens of no mean city. It is no doubt presumptuous of me, in the presence of this historic society, to make rueful reflections upon the altered national or international scene. There is an old and pregnant saying that a cobbler should stick to his last. But as a lawyer, and a public servant, I feel that I am on firm ground if I permit myself some observations upon the great debt, never to be discharged, which we owe to our forefathers in the field of law and government. It has become a commonplace to celebrate the glorious legacies bequeathed to us by the once vital and dominant societies of Athens and Rome. Attic literature and philosophy, Roman law and language, are the common heritage of western civilization, and if indeed all too few of us now devote our intellectual energies to these benefits which have been bestowed upon us, none of us here have been untouched by those great secular strains of our common Christian culture.

This is not the time nor the place, nor am I the appropriate person to deliver a lecture on the influence of British thought and action in the fields of law and government in the world as it exists today. Perhaps only a passing reference to the jury system of trial in criminal cases and government by representative assemblies will be sufficient to illustrate my thoughts. These have become a commonplace in the free world and among many races and in many climes far removed from the cradle of the British race. Many countries where parliamentary institutions, modelled on the British system, where alone they were indigenous, were regarded as the summit of achievement in the 19th and 20th Centuries, have since receded into the impenetrable darkness of Communist domination. There is, however, an aspect of this development on which I would like to dwell at some length —an aspect, indeed, of which little is known by the public, although a good deal of light has been thrown upon it by historians in recent years. This is the development of the administrative side of the Government of England and later of the United Kingdom from the small and purely personal ecclesiastical staffs of the medieval chancellors down through the period when expanding commerce and enlarged military commitments made necessary the slow but steady development of the numbers of the professional servants of the Crown.

It was no accident that medieval government fell almost entirely into the hands of clerics, who were, indeed, the only literate element in the early medieval community, and the close connection between the word "cleric" and the word "clerk" and the dual meaning of their common adjective "clerical", is a continuing reminder of this feature of the origins of our Civil Service. Later, in the 16th and 17th Centuries, administration was confined largely to the personal retainers of the Kings of England and of the great officers of state, such as the Lord High Steward and the Lord High Admiral, and long after the Royal Palace of Whitehall has ceased to exist the name remains to designate a street in the City of Westminster which is synonymous with British Government and the British Civil Service. Those of you who are familiar with the life of Samuel Pepys will have acquired a vivid picture of a competent and, by contrast with his contemporaries, a thoroughly honest public servant wrestling with the problems of naval administration in the second half of the 17th Century. Behind my desk in my office in Ottawa is a painting of William Pitt, first Earl of Chatham and the first Paymaster of the Forces who scorned to accept as his own personal perquisite interest paid on the huge sums on deposit for the payment of British soldiers and sailors in the mid-18th Century. To this great architect of empire we owe an even greater debt than arises from his organization of the victories of Wolfe at Quebec and Clive at Plassey, with which his name will be forever linked. By his self-denial in an age of general corruption, the Great Commoner, as Pitt was known, spoke clearly to the hearts of the English people with much greater force and effect than was ever exerted by one of his famous declamations in the House of Commons. It is a nice illustration of the maxim that "actions speak louder than words".

Although progress towards purity of conduct by public servants was no doubt continuous and received fresh stimulus from the example of the younger William Pitt, who after a lifetime in office as the architect of our successful resistance to the continental tyrant of his day, Napoleon Bonaparte, died as he had lived, a man of modest means whose debts were paid posthumously by his friends, it seems to me that the greatest leap forward occurred after the Indian Mutiny of 1857. For two and a half centuries British commercial and political interests had been represented in India by the East India Company, which had gradually assumed control over the whole huge sub-continent. The nabobs, as they were called—the company's servants and directors who survived the appalling climate and who returned to England after a few years with immense fortunes wrung by extortion and peculation from the Indian princes and the Indian trade. These were familiar figures in 18th-Century England, and their mansions still decorate the English towns and countryside. As a result of the mutiny the company's political power was extinguished and the Government of India brought entirely under the Crown. There then began that period of ninety years during which the Indian Civil Service established an unparalleled record of integrity and devotion to duty, culminating in the unique renunciation of 1946, greatly to the material profit of the people of India, and indeed of the people of Great Britain, but not of the individual members of the Service who were fortunate if they reached retirement on pension in some English sea-side town.

It may be objected that too much emphasis can be placed upon the experience of the Indian Civil Service. Two years before the Indian Mutiny, the Civil Service of England, after many enquiries, was placed under the examination system, and the old system of nomination (very much akin to what we call patronage) began to fall into disuse, although it lingered on in, of all places, the Foreign Office, modified by the practice of that department only accepting nominees of impeccable education and origins. But from this time on, as the second British Empire grew upon the enormous industrial expansion of Great Britain, the standards of the British Service, both at home and abroad, were raised and perfected to cope with the task of imperial administration.

I remember when I was at Oxford University in the autumnal period of imperial greatness between those two world wars in which the Empire survived and indeed triumphed in part because of its imperial form and ability to draw human and material resources from the ends of the earth, the Civil Service of the Empire was at the height of its prestige in popularity with the cultivated youth of Great Britain. Academic standards, for entry into it, were high, and although the prestige of the home service was formidable, the attraction of the Indian Civil Service, the Sudan Civil Service and the Colonial Civil Service—to name them in the order of prestige and difficulty of entry—was very great to that class of young men who felt that their economic and social privileges could only be justified by their willingness to serve the state. This tendency to exalt service to the state, at the expense of participation in trade and manufacturing, is almost incomprehensible to us, and I shall have more to say about it in a moment. It was, however, so highly developed in my experience that had the opportunities of such service not been sharply curtailed since the last war, the present economic revival of Britain, thoroughly grounded on a period of self-inflicted austerity, might not have taken the form it has. But this is not my theme. The fate of the Indian, Sudan and Colonial Services is only too plain. The other day I entertained at lunch a charming and amiable native of Nigeria who was my counterpart in the western provincial administration of that country, soon to become independent of British rule and to take its place, and one hopes a lasting place, in the Commonwealth of Nations. He told me that about half of the British Colonial civil servants at present in the country were expected to leave with pecuniary compensation for their broken careers. Those who remained he referred to as the "expatriates", and I gathered that this was a term which generally applied to those whose lot was cast in these far off places and who were prepared to "stand the hazard of the die". What a word, I though to myself, pronounced with sincere but none the less condescending pity over those whose youthful ardour had dedicated their lives to the service of king and emperor, queen and empress, in the remote equatorial lands, and who would remain in growing isolation intensified by every form of hostile propaganda and doubtless given good riddance by the patriots of Trafalgar Square and all the other busybodies around the world who are experts in everybody's business but their own. Expatriates indeed! For whatever one may think of the great constitutional experiment which is turning the colonial empire into a coterie of sovereign states, an experiment so benevolent that even the cynics have not yet succeeded in reducing to the proportions of their own minds, this experiment, however it may exemplify the true mission of a civilizing colonial power, is none the less hazardous for those men and women who must now choose between their allegiance and their chosen careers. Not since the Roman Legions left Britain over fifteen hundred years ago has a community of sometime conquerors been faced with such a dilemma. We may well have reached the position foreshadowed by the prescient poet, for there is a strain of clairvoyance in all poetry:

> "Far-called our navies melt away
> On dune and headland sinks the fire,
> And all our pomp of yesterday
> Is one with Nineveh and Tyre."

I have spent some time in trying to suggest the traditional backgrond of the British Civil Service at home and abroad, chiefly because I think that for us in Canada this traditional background is an important heritage and will become of ever increasing importance as the political cohesion of the Commonwealth and Empire diminishes. We should look for a moment at the atmosphere of public service in the United States of America, which has come to be generally accepted since the war as the head and front of the western world in terms not only of actual power but of willingness and ability to extend material and cultural aid to countries less advantageously situated. That the principal western powers should co-operate in this work is absolutely essential if the tremendous pressure of population which has occurred during the last generation and will be intensified many times during the next, is to be prevented from destroying the good life as we in relatively rich and under-populated countries know it. I think it is fair to say that one of the reasons for the creation of the United States was the fact that 18th-Century standards in British administration were unequal to the task of administering the wealthy and turbulent communities which British emigration had created on the Atlantic seaboard of

North America, and that the founders of the United States looked forward to an improvement in these standards among themselves once independence had been achieved. It is perhaps a daring thing to make generalizations about American history, but since we are accustomed to thinking of the early Americans plunging straight into the middle of the disastrous spoils system where all public servants were nominees of the victorious political parties of the day and, without any hope of permanence, sought security in widespread plunder from day to day, such was really not the case until the Federalists and Whigs were overwhelmed by frontier democracy in the early 19th Century.

But it is the complete domination of patronage in every branch of the Public Service of the United States for half of the 19th Century, more than the painful but steady struggle out of the mire of that woeful period since its closing decade, that has coloured our ideas of American public life for over a century. We can say with some truth that the influence of the United States upon the development of the Civil Service in Canada has been wholly negative. The American example was the great bugbear, and even during that period when the "malign influence of patronage", as Sir Robert Borden called it, was at its strongest, we in Canada were disposed to congratulate ourselves upon the shining purity of our public life compared to the welter of corruption which existed south of the border.

It would be pleasing to speculate on the traditional influences which may have descended to us from the old regime in French Canada, but I doubt if any useful illustrations can be drawn. The civil law we still have, to enrich our jurisprudence, but all trace of the administrative system of the Bourbons has departed and we have been spared the dead hand of the Napoleonic bureaucracy which has worked with singular success to set itself apart from the thoughts and feelings of the ordinary citizen of France. Moreover, our French compatriots in Canada have had a longer and more continuous experience of the development of parliamentary and administrative techniques in this country than that of the combined ancestral experience of most of us in this room and indeed in this Province, and would not be gratified by the suggestion that our Canadian institutions, both parliamentary and administrative, upon which they have exercised so much influence, are nothing but a convenient formula imported from the British Isles.

One of the first preoccupations of the new federal government of Canada was the problem of finding a solution of its administrative needs. The system of colonial administration prior to Confederation had not been animated to any great extent by the new spirit of the Civil Service in the mother country. It was realized, however, by Sir John A. Macdonald, that master of political reality, that standards must be created for entry into the Service of the new government based on the long run upon the same considerations that prevailed in Great Britain and not in the United States. We sometimes forget the strength of the feeling of our forefathers in favour of the former and against the latter. The turbulent republic had recently almost dissolved in fratricidal civil war. Its western frontier, its relations with the Indians, its internal politics, and above all its menacing attitude towards the security of Canada and Canadian loyalty to the Crown, filled them with dread and dislike. It was realized that entry into the new Service must be based on merit, however much at variance with the old colonial system of patronage this might seem to be, and the first Statute of 1868 set up a system of Civil Service examinations on what was hoped was the British model. Here indeed desire outran performance for many years, and ways were sought and found of evading the spirit of the legislation, rude and elementary as it was, since the examinations were merely designed to test the fitness of the nominees of Ministers of the Crown. In 1882 a new Civil Service Act was passed, establishing a separate Civil Service board to examine candidates and draw up a list of those qualified, from whom appointments might be made. A wide area of choice was therefore left to the appointing department, and indeed little was accomplished in the way of prohibiting political activity by civil servants or protecting them from political reprisals. This situation was partly remedied, at least as far as the inside Civil Service at Ottawa was concerned—by the Statute of 1908, which established the first Civil Service Commission with power of appointment and provided for the first time for competitive examinations as a means of entry.

Two world wars have exercised a profound effect upon Civil Service administration. The first provided such an unexpected and uncontrollable influx into the Service that the existing machinery, based upon the Act of 1908, broke down completely and the Act of 1918, under which we still operate, was the result. Passed by the Coalition Government of 1917, and not opposed in principle by any party, this statute applied the principle of competitive examination to the whole of the Civil Service of that day, and vested in an independent Civil Service Commission the power of appointment and promotion. Almost equally important, it vested in the Commission the power to classify the Service in an orderly manner and imposed upon it the duty of superintending the organization of government departments and of making all recommendations in matters of Civil Service pay. Ever since the Civil Service Act of 1918 was passed, it may be said that political patronage as it was known has completely disappeared from the Civil Service of Canada. Perhaps a more insidious form of patronage, which can be conveniently described as "departmental patronage", is more difficult to eradicate because in many respects it is an unconscious process and is based upon the principle of "better the devil you know than the devil you don't". It has been the constant care of the Civil Service Commission in recent years to guard against departmental favouritism in matters of appointment and promotion and to check the tendency, wherever possible, for the Civil Service to expand in the hands of energetic and ambitious officials.

But in spite of all the vigilance that could and can be exercised, government agencies continue to proliferate, and this process received a remarkable stimulus during the Second World War. As in the case of the First War, the needs of the government to recruit large numbers of civil servants on an emergency basis far outran the capacity of the Commission's regular recruiting machinery, and under the general provisions of the War Measures Act a vast cloak was thrown over these operations, preventing both scrutiny and criticism and engendering a tendency to disregard the letter of the law. No one will say that in a time of national emergency drastic steps should not be taken, as indeed they were taken in both of these great conflicts to satisfy the requirements of the State, but it is undeniable that, having developed techniques in conflict with the provisions of the Act under the sanction of war-time emergency legislation, there has remained a strong tendency to disregard these provisions ever since. The whole apparatus and atmosphere of government at Ottawa suffered from the untrammelled authority which was put into its hands in these days of crisis, and the provision of a new Civil Service Act to meet the needs of a changed and expanding nation is long overdue. Also, it seems to me there has been an unfortunate tendency in the past to regard the Civil Service Act as engraved on tablets of stone, not to be discussed or amended if at all possible. There is, I think, a new spirit abroad at the present time and the Civil Service is about to be exposed to the most searching scrutiny, a scrutiny, I venture to say, which no responsible member of the Service will be afraid or reluctant to endure.

I think it will be appreciated by you that, in spite of all temptations and many setbacks, there has been a steady movement throughout our history as a nation to base the selection and promotion of civil servants upon the principle of merit. In this, I think our public men have been generally in advance of the opinion of a very large portion of their fellow citizens. Few men and women in Canada, perhaps few even in this room and within the sound of my voice, genuinely believe that appointments to the Federal Civil Service are not influenced by political considerations or obtained by the help of powerful allies. This reluctance to believe what is in fact the truth is nourished, of course, by every unsuccessful applicant who believes that his own sterling qualities have been ignored by the examiners because of some unworthy preference given to a friend of the powers that be. This is just an example of the general human tendency to believe rumour rather than fact, and to cherish illusion rather than reality.

It would be wrong to over-emphasize the influence of tradition upon the development of our modern Civil Service by indicating that we have now the same product as exists in Great Britain at the present day. There have indeed been divergences from the British pattern, characteristically Canadian. One has been, in my opinion, unfortunate in its results but perhaps inevitable, and I refer to the failure of the

Civil Service Commission in the years after the First War to establish high academic standards in examinations for entry to the Service. This is one of the real glories of the British system which we have been unable to acquire by either inheritance or emulation, and I think the explanation may be found in the fact that we have not developed the proper sense of dedication to the service of the State which is a tradition in so many British circles and families. We have not, of course, had the historical experience of a leisured class which looked upon public service in some capacity as a duty and a distinction. This feeling has enabled the Civil Service examiners in Great Britain to make their examinations a real test of scholarship and judgment. I do not say that here in Canada these qualities are not appreciated. Indeed, we comb the country, in competition with many other institutions, for recruits of the highest academic distinction, but all too frequently we find ourselves with too few recruits of this type. Our own examinations are by no means negligible, but they have tended to become mechanical—better suited (and here I will be in trouble with the highly-trained people who devise them) to the assessment of mechanical aptitudes than in measuring the human intellect.

You will say that the solution is easy; raise your standards for entry in the administrative groups of the Service and pay more money—above all, pay more money, to make the Service more attractive and defeat your competitors in the field of recruitment. It seems to me that there is something distinctly immoral about this suggestion. There we sit in Ottawa with all the taxpayers' money at our command, and nothing except our sense of the fitness of things and indeed of trusteeship to prevent us from making the Civil Service of Canada so well paid as to be irrisistible to those in particular to whom good pay is irrisistible. No government should thus require the confidence of its taxpayers or attempt to compete on unequal terms in the market for talent. The solution must be sought in a higher standard of education produced by a higher standard of living and an increased sense of awareness among those who have flourished in Canada, of the needs of Canada in the field of government administration.

One final word about tradition. There is a most useful and salutary tradition which is part of our parliamentary institutions and which protects the civil servant from criticism in Parliament of his actions and his advice. Here the head of the department, a Minister of the Crown, takes all responsibility for the activities of his staff, and is the only legitimate object for attack. The advantages of this tradition are obvious. Without it, governments would only get from their professional advisers the type of advice which they wanted to hear and to support in the House of Commons. The independent, unprejudiced position of the Civil Service, upon which the security of the State so largely depends under our democratic system of government, would be fatally compromised. It is therefore very disturbing to see the development of a tendency to agitate rather than discuss, to substitute the waving of placards for the ordinary processes of rational thought, to circularize Members of the House of Commons with petitions and diatribes, and generally to prefer abuse to the language of persuasion. This is not only not characteristic of the best traditions of the Service and of the principles of the great majority of the men and women who compose it, but by injecting the subject of agitation into the political arena it threatens the existence of the principle to which I have alluded, and may cast aside the shield which custom has interposed between the Service and the people whom it serves. It is sometimes said that by imposing a restriction upon the political activities of civil servants they have been branded as second class citizens. Let those who make these allegations consider how this wise restriction, based also upon tradition, has put civil servants in a position of unassailable strength. No career is more honourable—no livelihood more secure. Let those who seek to make a career out of agitation and unrest beware how they turn their backs upon the temperate and wholesome traditions of the past.

THANKS OF THE MEETING were expressed by Mr. James H. Joyce.

ANNUAL MEETING

Thursday, April 28th, 1960

CHAIRMAN: The President, Mr. Harold R. Lawson.

PRESIDENT'S REPORT:

> The Moving Finger writes; and, having writ,
> Moves on: nor all your Piety nor Wit
> Shall lure it back to cancel half a Line,
> Nor all your Tears wash out a Word of it.
> —Rubaiyat of Omar Khayyam

Your retiring Board of Directors, with mingled pride and modesty, satisfaction and regret, but above all, inescapably, must stand on its record. The Year Book will show that we have held twenty-nine meetings, with an average attendance of 272 for the meetings prior to this one, that our membership now stands at approximately 2,350, and that we showed a surplus of about $1,000.00 on our year's operations. At the close of its fifty-seventh year your Club has never been more robust nor more vigorous in the prosecution of those great purposes which it serves in this community.

As I now hand over the reins of office as your President, two emotions predominate. The first is a deep feeling of appreciation to all who served the Club so ably and devotedly during the past year—Mr. Bruce Legge, our Immediate Past President and my chief mentor; Mr. Alexander Stark, our First Vice-President, who chaired three meetings during my absence; Mr. Arthur Langley, Chairman of our Head Table Committee; Mr. Bredin Stapells, Chairman of our Year Book Committee, and Mr. Douglas Best whose firm prints the Year Book; Mr. Ford Ralph, Chairman of our Reception Committee, and Messrs. Hogg, Miles, Harpham and Dr. Crummey who so enthusiastically assist him; Mr. Sidney Fletcher, Chairman of our Publicity and Public Relations Committee; Mr. Z. S. Phimister, Chairman of our

Membership Committee; Mr. Palmer Kent, Chairman of our Budget and Finance Committee; and others on our Board too numerous to mention; Mr. Vernon Hearst, our indefatigable Secretary-Treasurer; Mr. Angus McKinnon, the Manager of the Royal York Hotel; Mr. Stanley St. John at the piano; Messrs. Reid Forsee and Frank Herbert and their assistants who look after the radio broadcasting arrangements. We are also indebted to Mr. John Proctor, President, and Mr. John Philp, Secretary-Treasurer of The Canadian Club of Toronto with which we have cooperated on three joint meetings during the year and are about to have another next week.

My other emotion is one of pride that I have had the great honour of serving as your leader during the past year and thus forming a small link in an illustrious line of succession. I have attended meetings of The Empire Club since my earliest youth for the simple reason that I derive some sort of mystical inspiration from seeing and hearing the visiting speakers from week to week. This is something one cannot get in the same way from the newspapers or over the radio, for it is only in the physical presence of a great man that one can, in effect, touch the hem of his garment. I have never sought high office or responsibility but, since it was thrust upon me, I have been happy to do what I could to repay the Club in some small measure for all it has meant to me. It has been a memorable and enriching experience.

MR. B. J. LEGGE, Chairman of the Nominating Committee: The Nominating Committee has carefully considered its nominations and I now move the acceptance of this report for the Honorary Officers, Officers and the Board of Directors of The Empire Club of Canada for 1960-1961.

We are delighted that His Excellency Major-General Georges Vanier, D.S.O., M.C., C.D., the Governor General of Canada has graciously consented to accept the Honorary Presidency of The Empire Club.

The Committee also nominates Mr. Walter Comber, C.A., as Honorary Treasurer, Mr. Ernest Miles as Honorary Secretary, Mr. Vernon Hearst, Q.C., as Secretary

Treasurer and Mr. H. T. Jamieson, F.C.A., as the Honorary Auditor.

As required by the Constitution, the Committee has selected thirty gentlemen for the Board of Directors and I am certain you will agree that the Club will be well served by such a group of able and distinguished people who so actively espouse the patriotic purposes of The Empire Club of Canada.

The Directors, alphabetically listed, are as follows:

Ian Baxter
Douglas Best
John Bonus
Dr. Clarence Crummey
Sydney Fletcher
Lt.-Col. Sydney Frost, Jr., M.C.
Marvin Gelber
Harold Gillingham
Dr. C. C. Goldring
Lt.-Gen. H. D. Graham, C.B.E., D.S.O., E.D., C.D., Q.C.
John Griffin
Hon. Paul Hellyer, M.P.
Lt.-Col. N. D. Hogg, M.B.E., E.D.
Rev. Dr. E. M. Howse
Arthur Inwood
Palmer Kent, Q.C.
Arthur Langley
Harold Lawson
B. J. Legge
Joseph McCulley
J. B. McGeachy
David Menzel
Lt.-Col. W. H. Montague, O.B.E., E.D.
Dr. James Parish
Z. S. Phimister
Ford Ralph
Brig. W. S. Rutherford, E.D.
J. R. Smeed
Bredin Stapells
and Alexander Stark, Q. C.

All of those nominated have previously served on the Board except General Graham and I would like to say a word about our only new Director. He is an eminent Canadian, a former Chief of the General Staff and now the General Manager of The Great Lakes Waterways Development Corporation in Toronto.

For Third Vice President, we recommend Mr. Arthur Langley, who has served the Club superbly as Chairman of the Head Table Committee. Like General Graham he was for a time in the Regular Army and he might very well have been a future Chief of the General Staff had he not resigned from the Regular Force in 1947. He is now the Second in Command of the 29th Field Regiment of the

Royal Canadian Artillery and is an Executive with the Dominion Securities Corporation.

For Second Vice President, your Committee is pleased to suggest Mr. Palmer Kent, Q.C., the Corporation Counsel of the City of Toronto. During his career with the Club Mr. Kent has chaired various committees and last year he was the Chairman of the Budget and Finance Committee. Mr. Kent is also the Vice President of the Granite Club of Toronto.

As First Vice President, we are happy to recommend Mr. Z. S. Phimister, the renowned senior official, the Secretary-Treasurer and Director of Education for the City of Toronto. He is a zealous member of the Club who this year directed the activities of the Membership Committee. Mr. Zach Phimister will be a strong colleague for the new President.

Then as President for the year 1960-1961 your Committee proposes Mr. Alexander Stark, Q.C. Alexander Stark has for a long time been an ardent and diligent member of the Club. In succession, he has been Chairman of the Head Table Committee and the Constitution Committee, as well as helping on the Speaker's Committee.

Mr. Stark was born in 1904 and educated at Rosedale Public School, University of Toronto Schools, the University of Toronto and Osgoode Hall. In 1926 he was an honour graduate in Political Science and attained his Master's Degree in 1928. Similarly, in 1930 he graduated from Osgoode Hall with honours and the Bronze Medal. Besides his successes in Political Science and Law, he was fascinated by newspaper work. Before, during and after his university career, he was a part time reporter for the *Whitby Gazette,* the *Mail and Empire* and then for the *Toronto Daily Star.*

Mr. Stark was married in 1935 to Helen Bain Galer and he has three daughters—one a ballerina, another a nurse and the youngest of whom might even follow her father into the law. Mr. Stark is an active member of Yorkminster Baptist Church.

For twenty-seven years he acted as General Counsel to the *Toronto Daily Star* and for ten years he was a Director and Secretary-Treasurer of that Company—actively engaged in the publishing of newspapers. As Solicitor for the late Joseph Atkinson, he arranged the legal basis for the Atkinson Charitable Foundation for which he was a Trustee.

In addition, he is the author of an intriguing book entitled *Dangerous Words*, which is not surprising since he is a legal authority in the fields of libel and slander.

In 1954 Mr. Stark was named a Queen's Counsel. He has been recognized by his fellow lawyers and was elected the President of The Lawyers' Club of Toronto in 1944 and the President of The County of York Law Association in 1951.

Above all, Mr. Stark is a fine public speaker who will bring to the Presidency an elan and a polished style which will enhance the traditions of this forum. Because of his brilliant accomplishments and because of his many good works for the Club, I have the high honour to recommend as the fifty-seventh President of The Empire Club of Canada one of Her Majesty's Counsel learned in the Law—Mr. Alexander Stark.

THE EMPIRE CLUB OF CANADA, TORONTO, ONTARIO

REPORT AND ACCOUNTS

6th July, 1960

The President and Directors,
The Empire Club of Canada,
Toronto, Ontario.

GENTLEMEN,

We have examined the books and accounts of The Empire Club of Canada, Toronto, Ontario, and have prepared and attach a Statement of Receipts and Payments for the year ended 30th April, 1960.

We report thereon as follows:—

Membership Fees:

We are satisfied that, in total, all 1959-60 fees receivable from Members on record as in good standing as at 30th April, 1960, have been accounted for. In the case of 15 members however, fees were accepted for the current year at the 1958-59 rate of $5.00 instead of the current rate of $6.00.

Investments:

$600.00 Par Value Government of Canada Bonds were purchased during the year at a cost of $540.75. To the extent of $325.00 this purchase represents the investment of Life Membership Fees received in the fiscal years 1958, 1959 and 1960.

Membership Roll:

Following is a summary of the Membership Roll for the year:—

	Resident	*Non-Resident*	*Honorary and Life*	*Total*
Membership Roll as at 30th April, 1959	2,306	101	31	2,438
Net Decreases	72	4	—	76
	2,234	97	31	2,362

The Secretary-Treasurer has certified that the Roll as at 30th April, 1960 contained 2,362 Members as above.

Payments:

All payments made during the year were authorized by the Board of Directors.

Liabilities:

The President and Secretary-Treasurer of the Club have certified that there were no outstanding accounts as at 30th April, 1960.

Fidelity Bond:

Mr. H. V. Hearst, the Secretary-Treasurer, is bonded for $2,000.00.

Insurance:

Office Furniture is covered by a fire insurance policy in the amount of $725.00.

Acknowledgement:

We express our appreciation of the courtesy and assistance extended to us during the course of our audit.

Reported by,

H. T. JAMIESON, LEMAY & COMPANY,
CHARTERED ACCOUNTANTS,
Honorary Auditors.

THE ANNUAL FINANCIAL STATEMENT

RECEIPTS AND PAYMENTS FOT THE YEAR ENDED 30TH APRIL, 1960

Cash on Hand and in Bank 30h April, 1959				$1,972.55
Current Receipts:				
Membership Fees		$13,650.50		
Proceeds from sale of Year Book		24.00		
Interest—Bank	$ 88.05			
—Bonds	148.19	236.24		
Extra Contribution from Member		25.00	$13,935.74	
Current Payments:				
Luncheon Expenses—net of proceeds of sale of tickets		$ 1,437.11		
Honorarium: Secretary-Treasurer		1,500.00		
Miscellaneous Expenses		272.74		
Music		310.00		
Printing, Stationery and Postage		3,686.81		
Printing 1958-59 Year Book		4,162.42		
Recording and Publicity		474.71		
Rent		240.00		
Speakers' Fees and Expenses		662.35		
Telephone and Telegraph		161.95	12,908.09	
Excess of Current Receipts over Current Payments				1.027.65
				$ 3,000.20
Life Membership Fees Received				100.00
Investment of Surplus Funds and Life Membership Fees:				
Purchase of $600.00 Par Value Government of Canada 4½% Bonds due 1st September, 1983				540.75
Cash on Hand and in Bank as at 30th April, 1960				$ 2,559.45

We report that we have examined the books and accounts of The Empire Club of Canada, Toronto, Ontario, for the year ended 30th April, 1960 and have obtained all the information and explanations we have required and that, in our opinion, the above statement shows correctly the Receipts and Payments of the Club for the year ended 30h April, 1960.

In addition to the Cash Balance of $2,559.45 the Club held at 30th April, 1960 $4,000.00 Par Value Dominion of Canada 4½% Bonds maturing 1st September, 1983.

At 30th April, 1960, the Club was committed to publish the 1959-60 Year Book at an Estimated cost of $4,400.00.

H. T. JAMIESON, LEMAY & COMPANY,
Toronto, Ontario. CHARTERED ACCOUNTANTS,
6th July, 1960. Honorary Auditors.

OFFICERS AND EXECUTIVE COMMITTEE

1960-1961

Honorary President: HIS EXCELLENCY MAJOR-GENERAL
GEORGES VANIER, D.S.O., M.C., C.D.,
GOVERNOR GENERAL OF CANADA

Officers:

President: ALEXANDER STARK, Q.C.
First Vice-President: Z. S. PHIMISTER
Second Vice-President: J.PALMER KENT, Q.C.
Third Vice-President: ARTHUR J. LANGLEY
Secretary-Treasurer: H. VERNON HEARST, Q.C.
Honourary Secretary: ERNEST MILES
Honourary Treasurer: W. W. COMBER, C.A.
Honourary Auditor: H. T. JAMIESON, F.C.A.

Executive Committee:

IAN S. BAXTER
DOUGLAS BEST
JOHN L. BONUS
DR. CLARENCE B. CRUMMEY
S. S. FLETCHER
LT.-COL. C. SYDNEY FROST
MARVIN GELBER
HAROLD G. GILLINGHAM
LT.-GEN. H. D. GRAHAM, C.B.E., D.S.O., E.D., C.D.
JOHN W. GRIFFIN
HON. PAUL T. HELLYER, M.P.
LT.-COL. N. D. HOGG, M.B.E., E.D.
REV. E. M. HOWSE, S.T.M., PH.D., D.D.
ARTHUR E. M. INWOOD
JOSEPH MCCULLEY
J. B. MCGEACHY
DAVID G. C. MENZEL
DR. JAMES A. PARISH
R. FORD RALPH
BRIG. W. S. RUTHERFORD, E.D.
J. R. SMEED
R. BREDIN STAPELLS

Immediate Past President:
HAROLD R. LAWSON

Past Presidents:
LT.-COL. BRUCE J. LEGGE, E.C., Q.C.
LT.-COL. W. H. MONTAGUE, O.B.E., E.D.
DR. C. C. GOLDRING

CONSTITUTION

INSTITUTED 1903

THE OBJECT OF THE CLUB IS THE ADVANCEMENT OF THE INTERESTS OF CANADA AND A UNITED COMMONWEALTH AND EMPIRE

Organization of the Club and Branches

Art. 1.—(1) The organization shall be called The Empire Club of Canada.

(a) "The purposes and objects of the Club shall include the consideration and discussion of subjects and events affecting the interests of the British Commonwealth and Empire and the promotion of unity among the nations and members within the British Commonwealth and Empire.

(2) Branches of the club may be established with the authority of the Executive Committee, and subject to such conditions and regulations as may from time to time be decided upon by the Club in Toronto.

(3) A committee may be appointed under the provisions of sub-section 2, article 1, for the establishment of branches of the Club, and the word "Unit" shall denote a Branch.

Classes of Members

Art. 2.—The Membership of the Club shall consist of

(a) Active Resident Members,
(b) Non-Resident Members,
(c) Life Members,
(d) Honorary Members,
(e) Associate Members,
(f) Corporate or Sustaining Members.

All members must be of the full age of sixteen years, and members of classes (a), (b), (c), (d) and (f) must be British subjects.

Active Resident, Non-Resident and Associate Members

Art. 3.—(1) Candidates for Active Resident, Non-Resident and Associate Membership shall be proposed and seconded by two members of the Club in good standing, and shall be elected by a two-thirds majority of those present at any meeting of the Executive Committee.

(2) Subject to sub-section 4 of this article Active Resident, Associate, Non-Resident and Life Members shall pay respectively such annual fees as may be fixed from time to time by the Board of Directors, and no member in arrears for fees shall be considered in good standing or be eligible for office.

(3) Associate members shall not have the privilege of voting or holding office.

(4) Members whose applications for membership are received after the first day of April in any year shall pay one annual fee only in respect of the period from that time till the 30th day of September in the following calendar year.

Life Members

Art. 4.—(1) Members of the Club in good standing, and other persons regularly proposed and accepted, may be created Life Members of the Club by a two-thirds majority of those present at a meeting of the Executive Committee.

(2) Life Members shall pay a fee of $75.00 in one sum.

Honorary Members

Art. 5.—(1) Honorary Members may be elected upon the recommendation of the Executive Committee, and at a general meeting of the Club.

(2) Honorary Members shall be exempt from the payment of fees, but shall not have the privilege of voting or holding office.

Corporate or Sustaining Members

Art. 5A—Any company, partnership or business organization shall be eligible for election as a Corporate or Sustaining Member. Applicants shall be proposed by two Active Resident Members of the Club in good standing and the application shall contain the name and position of the Officer nominated by the Applicant as its Candidate for membership. The Applicant and its Nominee shall be elected by a two-thirds majority of those present at any meeting of the Executive Committee. A Sustaining or Corporate Member shall pay an annual fee of $50.00 which shall include the fee of its representative member.

Officers to be Elected

Art. 6.—(1) The business of the Club shall be managed by a Board of Directors who may exercise all such powers and do all such acts and things that may be exercised or done by the Club and are not by the constitution or by statute expressly directed or required to be done by the Club at a general meeting of its members.

(2) The Board of Directors shall consist of 30 members of the Club who shall be elected annually at a general meeting held not later than April 30th in each year.

(3) The Board of Directors may include seven past presidents of the Club, one of whom shall be the immediate past president and three others shall consist of the three past presidents immediately preceding the immediate past president, if they are available and willing to act as directors.

(4) The Board of Directors shall meet as soon as convenient after their appointment for the purpose of appointing the officers of the Club (except the auditor or honorary auditor), for the year ending on April 30th but each officer shall continue in office until his successor is elected.

(5) The officers shall consist of an Honorary President, President, first, second and third Vice-presidents, Honorary Treasurer, Honorary Secretary, a Secretary-Treasurer, and if considered necessary by the Directors, an Assistant-Secretary, an Assistant Treasurer and an Honorary Auditor. The Honorary President, the Honorary Treasurer, the Honorary Secretary, the Secretary-Treasurer and the Honorary Auditor are not required to be Directors of the Club.

(6) In the event of any vacancy occurring in the office of Director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

(7) The election of the members of the Board of Directors at a general meeting called for that purpose shall be by adoption of a resolution proposed by the chairman or acting chairman of a nominating committee. The nominating committee consisting of five members of the Board of Directors and four other members of the Club shall be appointed by the Board of Directors and approved at a regular or special meeting of the Club not less than four and not more than six weeks before the Annual Meeting. The Chairman of the Nominating Committee shall report the recommendations of that committee to the Annual Meeting. If nominations do not exceed the number of Directors necessary, the Chairman of the Meeting may instruct the Secretary-Treasurer, to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the Chairman to have been duly elected.

(8) The Nominating Committee shall recommend to the Board of Directors the proposed officers of the Club for the ensuing year, except the auditor or honorary auditor, and shall report their recommendations to the Annual Meeting, and the auditor or honorary auditor shall be elected at each Annual Meeting.

(9) Standing Committees shall be appointed as follows:
  (a) Budget and Finance Committee.
  (b) Speakers' Committee.
  (c) Membership Committee.
  (d) Constitution Committee.
  (e) Luncheon and Reception Committee.
  (f) Publicity Committee.
  (g) Year Book Committee.

Filling of Vacancies Among Officers

Art. 7.—In the event of an office becoming vacant by death, resignation, or otherwise, the vacancy thus caused shall be filled by the Executive Committee and the person so chosen shall hold office until the next Annual Meeting.

Duties of Officers

Art. 8.—The duties of the Officers shall be those customary to such positions in similar organizations.

Holding of Meetings

Art. 9.—(1) The Club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as from time to time may be decided upon.

(2) At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President, and this report shall be accompanied by an interim report from the Treasurer. An audited statement of the finances of the Club for the full financial year shall be published in the Year Book.

Notice of Meetings

Art. 10.—Written or printed notices of all meetings shall be given to the members of the Club. Such notices shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto.

Quorum at Meetings

Art. 11.—Fifteen members in good standing shall constitute a quorum at any meeting of the Club, general, annual or special, and the presiding officer shall have a casting vote. Nine members shall form a quorum of the Executive Committee.

Limitation of Business at General Meetings

Art. 12.—No business other than the hearing of the addresses and notices of motion shall be introduced at any meeting of the Club, unless it has been submitted to the Executive Committee and received its approval.

Calling of Special Meetings

Art. 13.—Meetings of the Executive Committee shall be called by the President, or on a requisition signed by three of its members. Special meetings of the Club may be called by the President, and shall be called by him on a requisition signed by twelve members and stating the object of the meeting. This object shall be stated in the notice calling the special meeting.

Financial Year

Art. 14.—The Financial Year of the Club shall begin on the first day of May in each year and end on the thirtieth day of April in the year following.

Amendments to Constitution

Art. 15.—This Constitution may be amended at the Annual Meeting, or at a special meeting called for that purpose, subject to a two thirds majority vote of the members present.

MEMBERSHIP

as at May 20, 1960

LIFE MEMBERS

Allan, William N.
Bruce, Hon. Dr. Herbert
Clouse, F. L.
Cobham, Arthur H.
Cosens, Gordon G.
Eaton, Donald L. H.
Gardiner, F.G., Q.C.
Gibson, D. H., C.B.E.
Gordon, Crawford Jr.
Hough, Thomas Edward
Johnston, Wm. D.
Maher, James P.
Murdoch, J. Y., Q.C., LL.D.
Ridley, John B.
Roman, Stephen B.
Rosen, Allen E.
Sandy, J.
Scythes, J. A.
Smeed, J. R.
Suchorab, S. A.
Thomson, Garth O.
Thomson, K. R.
Tindall, H. B.
Watkins, Wm. B.
Wilson, Col. J. E.

HONORARY MEMBERS

His Excellency Maj.-Gen. Georges Vanier, D.S.O., M.C., C.D.
Field Marshall The Rt. Hon. Earl Alexander of Tunis

Daniels, D. K., O.B.E.
Geary, Major B. Handley, V.C.
Gillespie, Lt.-Col. George H.
Mackay, Hon. J. Keiller, D.S.O, V.D., LL.D.
Stapells, H. G., Q.C., M.A.

NON-RESIDENT MEMBERS

Alexander, R. W.
Ashbury, Ivan H.
Bailey, B. W.
Barber, John R.
Beatty, Dr. S. R.
Beaumont, Arthur
Beazer, Rev. F. C.
Belyea, Abner B.
Campbell, C. B.
Church, C. N., B.A.
Corson, C. R.
Cowan, W. S.
Cranstoun, John A.
Currie, George
Davidson, George MacK.
Davies, Dr. John B.
Davis, Cyril A.
Downer, Capt. the Hon. Rev. A.W., M.P.P.
Drew, Hon. Geo. A., P.C., Q.C.
Drummond, H. G.
Dunlop, J. Gordon
Dutton, B. A.
Ferriman, K. C.
Fitch, T. S.
Fleming, Hon. D. M., Q.C., M.P.
Gilbert, C. A.
Griffin, Allan
Groom, R. G., Q.C.
Gunyon, C. Cecil
Halbus, Prof. Frank
Hannon, Dr. J. W. G.
Harton, E. Douglas
Hill, Percy C.
Hiron, A. F.
Howsam, Air Vice Marshal, G. R., C.B., M.C.
Hubbel, Frank
Hughes, Gordon R.
Hutcheson, Frank W.
Hyde, F. C. W.

Jackson, George B.
Kennedy, A. P.
Kidd, Hon. T. Ashmore
Koyl, J. E.
LeBrocq, S. E.
Leyden, C.
Lindsay, W. W.
Lough, Donald
Macfarlane, P.B.
MacKellar, J. F.
MacLennan, H. Alexander
Manbert, Ray R.
Marshall, Dr. M. R.
Mathews, C. K.
Maxwell, Rev. Gordon S., B.A.
McBain, Alex L.
McConkey, Lew W.
McCrae, W. H.
McLaughlin, Col. R. S.
Mercer, Douglas A.
Mitchener, Hon. D. R., Q.C., M.P.
Mitchell, Robert N.
Moffat, John A.
Moller, George
Monsarrat, Nicholas
Morgan, James C.
Murison, R. A. J.
Newman, J. M., M.P.P.
Nixon, Stanley E.
Oakie, Alfred U.
Opie, R. P.
Ostrom, W. R.
Partington, Eric
Patterson, David S. L.
Perry, John Wm.
Pollock, C. A.
Pugsley, T. Aubrey
Rackley, Frank B.
Raycroft, R. I.
Rice, H. E.
Rickwood, George
Rolland, Lucien G.
Rossall, J. S.
Scott, Wilfred R.
Sherk, Frank T.
Spenler, C. Wilson
Stewart, C. J.
Thompson, E. F.
Thomson, J. R.
Todgham, R. W.
Wallace, H. C.
Walker, Hon. D. J., Q.C., M.P.
Watkins, David J., M.B.E.
Weeks, A. L.
West, R. A.
Weimer, D. P., Jr.
White, Geoffrey B.
Williams, P. J.
Wilson, Thomas L.

RESIDENT MEMBERS

Abaroa, Enrique
Abbey, Robert
Abbs, Charles E.
Abel, John B.
Abernethy, Lt. Col. W. W.
Abra, J. S.
Acheson, Arthur P.
Adair, Herbert E.
Adair, Joseph
Adams, Gordon M.
Adams, G. W.
Adams, H. R.
Adams, J. C.
Adams, W. Bruce
Adamson, Edwin F.
Adamson, Walter
Adye, Rev. Canon E. R. G.
Agar, Norman E.
Ainsborough, F. J.
Airey, H. T.
Aitchison, R. J.
Alberts, Edgar T.
Aletter, Howard G.
Alexander, Lt. Col. P. Norman
Alexander, Robert
Algar, John B.
Allan, A. David
Allan, Dr. Blandford
Allan, P. J.
Allan, Richard J.
Allanson, Harry E.
Allen, Ralph
Allen, Ivan V.
Allingham, N. W.
Allworth, Robert D.
Ambery, Peter D.
Ambridge, D. W.
Ambrose, Philip J.

Ander, J.
Anderson, C. Harry
Anderson, D. S.
Anderson, J. C. B.
Anderson, J. Murray
Anderson, J. P.
Anderson, Ross
Andrew, Archdeacon G. A.
Andrew, George C.
Annett, D. R.
Anthony, R. F. K.
Appert, R. J.
Appleby, Robert C.
Appleton, C. N.
Archbold, William D.
Argue, D. R.
Arkell, T. E.
Arminas, John
Armstrong, Robert L.
Armstrong, Warren
Armstrong, W. E.
Armstrong, W. G.
Arnold, Harry A.
Asbury, Frank C.
Ash, W. M. V.
Ashby, V. W.
Ashforth, A. C.
Ashley, Sidney E.
Askin, R. J.
Assheton-Smith, J. E.
Atherton, C.
Atkinson, D. R.
Attin, Harold B.
Austin, Howard A.
Austin, J. Jarvis
Axiz, Salim A.

Babbitt, G. W.
Babcock, Harold A.
Baggs, Rev. A. R., D.D.
Bagshaw, B. F.
Bailey, John Arnold
Bailey, William Gill
Bainard, R. H.
Baker, Rev. A. Gordon
Baker, Albert G.
Baker, Donald J.
Baker, Col. E. A.
Baker, E. G.
Baker, George
Baker, George W.
Baker, John R.
Baker, S. R.
Balfour, Norman E.
Balfour, Vincent
Ball, J. R.
Band, Charles S.
Ballantyne, R. B.
Bankes, John M.
Banks, Benjamin
Barber, Orville B.
Barber, William
Barclay, D. F.
Bark, W. A.
Barlow, Hon. Justice F. H.
Barlow, G. W.
Barnard, E. A.
Barrett, E. M.
Barrett, Franklin L.
Barrett, L. C., Q.C.
Bartello, P. R., C.L.U.
Bartlett, W. K.
Basher, Col. G. Hedley, O.B.E., E.D.
Bassett, John
Bastedo, E. A.
Bate, E. D.
Bate, William B.
Bates, G. H.
Bates, Dr. Gordon
Bathgate, Wm. T.
Batten, Reg. A.
Bawden, H. N.
Baxter, Ian St. C.
Baxter, Major James, M.C.
Bealey, Ernest R.
Beamish, Royd E.
Beattie, L. S.
Beatty, D. S.
Beauchamp, Walter N.
Beaupré, W. J.
Beauroy, Jules
Becher, William
Bedolfe, Robert D.
Beeby, A. E.
Beeston, George H.
Bell, Lt.-Col. Arthur A.
Bell, Cecil B.
Bell, Cyril
Bell, J. Donald, Q.C.
Bell, J. R.
Bell, Dr. Leslie

Bell, Norman B.
Bell, Stewart C.
Belyea, Roy E.
Ben, George
Benitz, John
Bennett, A. B.
Bennett, Bruce T.
Bennett, David T.
Bennett, Rev. Reginald M.
Bentley, A. F.
Bentley, Ralph D.
Bentley, W. A.
Berceller, Oscar
Berk, M. J.
Berkinshaw, R. C.
Berner, W. G.
Berry, Harry H.
Berry, J. Wilson
Berry, Robert C.
Bertin, Leonard
Besley, E. H.
Best, C. S.
Best, Douglas W.
Best, Gordon H.
Best, T. Harrison
Best, T. W.
Betts, D. Clive
Bick, C. O.
Bickle, W. N.
Biggar, H. W.
Biggs, G. L.
Bilbrough, W. H.
Birkmyer, J.
Birrell, Dr. Russell G.
Bishop, H. H.
Bishop, Percy W.
Bishop, Samuel S.
Blachford, H. Arnold
Blackhall, Victor C.
Blackmore, O. Ralph
Blackstock, C. R.
Blackwell, H. W.
Blainey, James E.
Blair, S. M.
Blair, Willis L.
Blake, Parker G.
Blanchard, H. A.
Blane, Robert
Blenkinship, C. S.
Blue, M. F.
Bocock, C. W.
Boehm, A. Fred
Boland, John B.
Bolger, H. N.
Bolsby, P. J., Q.C.
Bond, H. B.
Bongard, Gordon R.
Bonnycastle, Lawrence C.
Bonus, John L.
Bonyun, Denis F.
Booth, C. W.
Booth, E. H.
Booth, J. K. B.
Booth, Ross W.
Borins, Norman
Bosanquet, L. C.
Bosley, W. H.
Bosnell, G. M.
Bosworth, N. L.
Boughner, G. G., F.I.A.
Bourne, F. R.
Bourne, J. H.
Bourne, T. W. H.
Bowden, C. F. M.
Bowen, Lloyd H.
Bowes, James C.
Bowlby, C. L.
Boyd, Ashley
Boyd, John A., Jr.
Boyd, LeRoy
Boyko, Joseph, LL.D.
Boyle, B. E.
Boyles, Thomas A.
Boysen, H. C.
Bradbury, T. J.
Bradley, H. R.
Bradley, S. J.
Bradshaw, Alec.
Bradshaw, M. A.
Bradshaw, Robert
Brailey, F. George
Brain, George M.
Branitor, F. Gerald
Branson, C.
Bray, R. N.
Breakey, B. I. F.
Breckenridge, R. J.
Breithaupt, Douglas L.
Brethour, E. J.
Brett, Harold O.
Breuer, K.
Bridgman, J. M.

Brintnell, R. F.
Broad, Charles H.
Broad, F. Ralph
Brockington, L. W., C.M.G., Q.C., LL.D.
Brocklebank, Frank
Brodsky, Jack
Bronsdon, H. H.
Brooker, E. E.
Brooks, A. J.
Brooks, Dr. Clarence E.
Brooks, Herbert
Broomfield, George
Brown, Charles L.
Brown, Donald J.
Brown, Duncan G.
Brown, F. Irving
Brown, G. D.
Brown, George M.
Brown, Hugh E.
Brown, J. L.
Brown, James N. M.
Brown, J. Somerville
Brown, Ross S.
Brown, T. B.
Bruton, Maclean Wm.
Bruce, A. W.
Bryce, Robert A.
Buchanan, Dr. Bruce H.
Buck, Dr. C. A.
Buckley, R. J., C.P.A.
Budd, Edward B.
Bull, J. N.
Bullied, Arthur
Burbridge, O. J.
Burden, E. K. G.
Burden, John M., Q.C.
Burgess, Horace T.
Burka, MacDonald
Burkart, W. W.
Burke, E. T. C.
Burke, H. Gwynne
Burkimsher, Eric
Burn, Kenneth
Burnard, F. S.
Burnham, Arthur
Burnham, J. L.
Burns, Chas. F. W.
Burns, H. D.
Burns, James E.
Burns, Lesslie J. W.
Burns, R. L.
Burnside, E. G.
Burton, C. L.
Burton, E. G.
Burton, Lt.-Col. G. Allan
Bury, W. H.
Bush, Clayton E.
Bushnell, Wm. J.
Butler, W. Chester
Button, Henry
Buyers, Russell W.
Byers, E. S.
Byers, Victor G.
Bryn-Jones, David

Cadario, H. P.
Cadesky, L.
Cadsby, Jack David
Cadsby, Milton A.
Calder, B. R.
Calladine, Eric A.
Calvert, A. Morrison
Calvin, C. C., Q.C.
Cameron, E. Rodney
Cameron, Harry
Cameron, Robert C.
Camken, L. A., M.B.E.
Campbell, Brig. Colin A.
Campbell, D. L.
Campbell, E. M.
Campbell, H. C.
Campbell, Dr. H. H.
Campbell, Ian L.
Campbell, Hon. Peter
Campbell, Paul J.
Cannon, Dr. C. F.
Caplan, Isadore
Cappe, David
Cappe, N. R.
Card, Ivan E.
Cardy, A. Gordon
Carey, A. R.
Carl, Gordon A.
Carleton, W. J.
Carley, F. C.
Carlisle, D. C.
Carlo, John C.
Carmichael, John B. W.
Carnegie, A. D.
Carnegie, F. T.
Carnegie, Lt. Col. G. W., C.D.

Carr, E. P.
Carradus, Capt. H. R.
Carrick, Donald D., M.P.
Carson, C. E.
Carson, James L.
Carson, R. B.
Cartwright, T.
Caruk, J. E.
Carver, R. D.
Cary, Len
Cary, Reginald
Case, Wm. E.
Cassels, Gordon T.
Cassels, W. P.
Casserly, F. W.
Casson, Richard
Castle, E. W.
Caswell, D. B.
Catlow, A.
Catto, James A.
Caulder, J. A.
Caulfield, John D.
Cavell, H. E.
Chadburn, T. W.
Chalmers, Floyd S.
Chambers, H. J. A.
Chambers, Joseph A.
Champion, R. H.
Chant, Dixon S.
Chapman, F. D.
Chapman, S. F.
Chappell, H. L.
Charles, Leo E.
Charlois, Maurice
Charters, Alan H.
Chassells, Dr. John
Chenoweth, Dr. T. Oswald
Cherry, Robert
Chester, Lane R. C.A.
Chisholm, Robt. F.
Chop, Edward M.
Chorlton, John M.
Christie, Col. J. H., M.C., E.D.
Christopher, W. H.
Chrysler, H. W.
Ciglen, Samuel, Q.C.
Clark, A. P.
Clark, A. S.
Clark, C. B.
Clark, E. C.
Clark, Gavin C.
Clark, George F.
Clark, J. A. P.
Clark, John G.
Clark, Robert F.
Clark, W. H.
Clarke, George F. S.
Clarkson, G. H.
Clarkson, John
Clarry, John H. C.
Cleary, Frank C.
Clemes, J. C.
Cleminson, F. G.
Clinkard, Herbert S.
Cochran, H. E.
Cochrane, J. M.
Cockburn, Blake A.
Cockell, J. Horace
Code, John A.
Cohen, John C.
Coke, Major E. F.
Colberg, A. M.
Colby, S. A.
Cole, Sydney
Cole, T. F. C.
Colebrook, H. G.
Coles, Gordon E.
Collett, Wm. M.
Colnett, Ronald H.
Colucci, Robert
Comber, W. W., C.A.
Connell, J. H. E.
Connolly, C. P.
Conquergood, C. R.
Coo, H. Douglas
Coo, N. Douglas
Cook, Douglas H.
Cook, F. Gordon, Q.C.
Cook, H.
Cook, H. E.
Cook, R. A.
Coombs, Rev. John A.
Cooper, Chas. F. W.
Cooper, F. S.
Cooper, George P.
Cooper, Dr. W. J.
Copeland, W. M.
Copping, Harry, M.I.E.E., P.ENG.
Corbett, H. Milton
Corbett, J. E.
Cormack, Wm. B.
Cornish, F. Joseph

Cornish, Prof. G. A.
Corrigan, Lt.-Col. C. A., D.S.O., V.D.
Corrigan, J. H.
Corson, R. R.
Cory, Peter DeC.
Cosbie, Dr. W. G., M.C.
Cosby, Stanley C.
Cosens, G. G.
Cosgrave, Rev. Dr. F. H.
Coster, Philip E.
Costigane, J. P.
Couke, J. H.
Coupland, Walter C.
Cousins, A. R.
Coutts, William E.
Coventry, A. J.
Cowan, Alfred C.
Cowan, O. D.
Cowan, P. J.
Cowan, W. D.
Cowan, W. Rae
Coward, Laurence E.
Cowling, Alfred H.
Cox, Everett S.
Coy, Wm. H.
Craick, W. A.
Craig, George H.
Craig, Lt.-Col. J. A. D., O.B.E., E.D.
Craig, J. L.
Cranfield, Dr. Harold V.
Crang, J. H.
Crashley, Lt. Col. J. D., C.D., A.D.C.
Crawford, E. S.
Crawford, F. J.
Creber, Kenneth J.
Creed, Gavin L.
Cresswell, H. A.
Creswell, James A.
Crichton, R. J.
Crispin, R. John
Croombs, William J.
Cross, William B.
Crossan, J. H.
Crossingham, J. H.
Crozier, A. R.
Crummey, Dr. Clarence B.
Culnan, Dr. G. F.
Cuming, L. G.
Cummings, Herbert V.
Cummings, Walter M.
Cummins, R. L.
Curran, H. E.
Currie, H. D. G.
Currie, Wm. M.
Curry, T. E.
Curtis, W. Gordon
Curtis, G. H.
Cuthbert, George
Cuthbertson, Gordon

Dadson, A. S.
Dagg, H. M.
Dales, Robert L.
Daley, J. M.
Dalrymple, E. Ross
Dalrymple, John E.
Dalton, C. O.
Dalton, William H.
Daly, R. A.
Darbyshire, William
Darling, Wm. W. G.
Darroch, H. C.
Darroch, J. J.
Davey, Keith
Davey, R. Ian
Davidson, G.
Davidson, I. D.
Davidson, Philip, Q.C.
Davie, James H.
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Davies, Rev. F. V.
Davies, H. E.
Davis, Bertram N.
Davis, Curt
Davis, E. R., B.SC., P.ENG.
Davis, George A.
Davison, Martin A.
Dawson, Bass
Dawson, Isaac
Dawson, W. M.
Day, George
Day, Robert E.
Day, W. D.
Deacoff, G. A.
Deacon, John A.
Dean, Harold B.
Deans, M. C.
Dearlove, Frank E.
Dedman, Arthur M.

Deeks, Douglas B.
Deeks, Dr. S. H.
DeGuerre, Fred L.
Delamere, R. D.
Denton, Harvey L.
Derry, Duncan R.
Deverell, David A.
Devereaux, Edward J.
Dewar, A. M.
Dickey, A. J.
Dickinson, Dr. C. H.
Dickinson, M. R.
Dickson, George H.
Dickson, H. M. J.
Dierlam, Howard
Dies, W. C.
Dies, William P.
Dilworth, W. A.
Diltz, B. C.
Dingle, D. B.
Dingle, Lloyd E.
Dix, Maurice B.
Dix, William B.
Dixon, A. B.
Dixon, B.
Dixon, J. W. M.
Dnieper, Robert B.
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Doherty, Jas. H.
Doke, M. E.
Dolson, Dr. Wilbur J. M.
Donovan, Geo. R., Jr.
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Dowie, Ian R.
Down, A. F., O.B.E., M.C., E.D.
Dowsett, H.
Dowsett, R. E.
Draimin, Charles
Drake, H. K.
Draper, B. M.
Drew-Brook, Maurice D.
Drucker, Leo D.
Drummond, Harry Gordon
Drury, G. M.
Dubin, C. L., Q.C.
Duff, John A.
Duffett, Norman G.
Duffy, John F.
Dunbar, Arthur W.
Duncan, J. M.
Duncan, James S.
Duncan, W. A.
Duncanson, Frank S.
Dunkelman, D.
Dunlop, W. A.
Dunlop, Hon. W. J.
Dunn, David
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Dunn, William
Dunstall, L. W.
Dutton, Thomas M.
Dwytie, K. I.
Dye, Harold E.
Dye, R. A. E.
Dyer, Virgil V.
Eade, Edgar
Eakin, Joseph S.
East, Frank G.
Eastmure, A. W.
Ecclestone, Gordon W.
Eckler, Henry H.
Eckler, Samuel
Edmunds, Leslie T.
Edward, Bruce G.
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Edwards, Claude
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Edwards, James H.
Ehrlich, Gustav
Eisen, Sol
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Elder, John J.
Elgie, G. C., Q.C.
Elliot, B. V., Q.C.
Elliott, Charles R., C.A.
Elliott, Donald R.
Elliott, Gordon E.
Elliott, Harold H.
Elliott, H. J.
Elliott, W. Earle
Ellis, C. Q.
Ellis, J. J.
Ellis, Matthew T.
Ellison, H. H.
Elton, John H.
Elton, J. O.
Ely, Edward H.
Ely, R. M.
Emerson, R. V.
Emmert, T. J.

Emond, Douglas L.
Empringham, John R.
Engholm, F. G.
Engholm, R. A.
Enman, H. L.
Epstein, H. B.
Epstein, Morris H.
Ethell, H.
Etherington, F. C.
Evans, S. T.
Ezrin, Sydney
Faber, George
Fairbairn, R. L.
Fairclough, R. P.
Falkiner, F. H.
Fallis, Clare R.
Fallis, George A., Q.C.
Faludi, E. G.
Fardoe, H. R.
Farmer, Patterson
Farnan, Francis A.
Farrell, T. J.
Favager, F. G.
Fennell, T. T.
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Ferguson, Gordon F.
Ferguson, H. M.
Ferguson, Lynn W.
Ferguson, Julian, M.P.
Ferguson, Marshall
Ferguson, P. B. G.
Ferguson, R. Stanley
Fessenden, C. V.
Field, E. M.
Findlay, Major D. M.
Findlay, William
Fingold, Sam.
Firstbrook, Hugh M.
Fish, Benjamin
Fisher, A. B.
Fisher, A. J.
Fisher, Frank
Fishman, Philip
Fitzgibbons, J. J. Jr.
Flavelle, Sir Ellsworth
Fleming, Robert
Flemington, Frank P.
Fletcher, S. S.
Flint, Lyman G. B.
Flood, Lennox E.
Flora, L. J.
Flower, Dr. G. E.
Fockler, Ewart K.
Fodor, Nicholas
Follett, Archibald J.
Follett, Gordon
Foord, Lionel H.
Ford, Gordon W., Q.C.
Forman, Jerome F.
Forrester, William J.
Forster, F. E.
Forsyth, C. D.
Foss, A. J. N.
Fothergill, Harold E.
Foulds, Kenneth A.
Fox, Douglas
Fox, George E.
Fox, John H.
Frankel, Egmont L.
Frankel, Roy H.
Franks, H. R.
Fraser, Edison
Freedman, Bernard
Fremes, Charles
French, D. J.
Freyseng, Willis P.
Friesen, David H.
Friesen, Edward J.
Frink, Timothy C.
Frisby, Frank W.
Frost, C. Sydney
Frost, C. Sydney, Jr.
Fry, H.

Gairdner, J. A.
Gairdner, John S.
Galbraith, C. W.
Galbraith, G. B.
Galer, C. N.
Gailunas, Joseph A.
Gallagher, Rev. W. J., M.A., B.D., D.D.
Galloway, Charles T. P.
Gardiner, George C.
Gardiner, Percy R.
Gardner, R. J. Currie
Garlick, Roland D.
Garrett, Albert H.
Garside, S. T.
Gaskell, Ian M.
Gaskin, D. C.
Gassard, H. L.

Gathercole, George E.
Gaunt, J. William
Geale, Beverley B.
Geggie, Thomas P., C.A.
Geisler, R. A.
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Gelleny, J. J.
Geller, John A.
Geller, M. J.
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Genovese, Frank A.
Georgas, Michael P.
German, V. C.
Gerow, Frank T.
Gerrard, William
Gerstein, Bertrand
Gianelli, Brig. Norman A.
Gibbens, W. M.
Gibbons, J. Robert
Gibson, Hon. Justice Colin
Gibson, Harold
Gibson, J. Douglas
Gilbride, W. P.
Gilchrist, Prof. Lachlan
Gilchrist, Lawrence A.
Giles, T. S. H.
Gillanders, Dr. E. B.
Gillespie, A. Grant
Gillespie, Ross R.
Gillham, John
Gillingham, W/C Harold G.
Gillis, Paul R.
Giles, W. H.
Gislason, Guy H.
Godfrey, Frank
Godsall, Gordon H.
Godwin, F. W.
Gohn, Byron E.
Goldring, Dr. C. C.
Goldring, C. Warren
Goldring, Dr. L. W.
Goldsmith, Martin
Goldsmith, Wm. L.
Goldson, W. Leonard
Gontier, M.
Gooderham, F. L.
Gooderham, Lt.-Col. Melville S
Goodfellow, Bruce
Goodman, Edwin A.
Goodman, Fred C., C.A., M.C.
Goodman, J. Edward
Goodwin, Harley D.
Gordon, E. W.
Gordon, Irwin
Gordon, Brig. J. Neil, D.S.O.
Gordon, K. E.
Gordon, William E.
Gore, Graham M.
Gorham, W. E.
Goss, H. Barton
Gossage, B. F.
Gossage, S. M.
Gourley, George
Gowdy, Douglas M.
Grafstrom, V. F.
Graham, D. M.
Graham, Lt.-Gen. H. D., C.B.E., D.S.O., E.D., C.D.
Graham, J. Lindsay
Graham, J. Rennie
Grainger, R. N.
Grandy, T. C.
Grant, G. E.
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Grant, J. R.
Grant, J. W.
Grant, W. G. F.
Grasett, H. W. S.
Gray, Alexander
Gray, Rev. Bruce, D.D.
Gray, E. N.
Gray, K. J.
Gray, W. B.
Green, J. D.
Green, Joseph L.
Green, Robert M.
Greene, A. S.
Greenglass, David
Greenglass, Morton
Greenglass, Morris
Gregg, L. T.
Gregor, Tibor P.
Gregory, L. A.
Greig, D. M.
Grier, Col. C. G. M., E.D., M.A.
Griffin, H. A.
Griffin, John W.
Griffiths, F. D.
Grimbly, Maurice
Grosberg, Charles A.
Grose, George W.

Gross, Harold
Gullen, F. C.
Gundy, C. L.
Gunn, Major General John A
Gunn, Robert F.
Gunyon, C. Cecil
Gutierrez, George
Guy, George H.

Hadden, Eugene R.
Hagerman, Dr. A. R.
Hagon, W. A.
Hahn, George
Hall, G. Allan
Hall, H. R. M.
Hall, Lt.-Col. I. C.
Hall, John H.
Hall, William
Hall, William
Halls, Peter E.
Halsey, P. J.
Hambly, Herbert
Hambly, Samuel G.
Hamilton, A. E.
Hamilton, C. S.
Hamilton, John B., M.P.
Hamilton, John M.
Hamm, R. M.
Hancocks, Oliver
Hanna, Wm. B.
Hanson, E.
Harbinson, V. D., F.C.A.
Harcourt, Major R. M.
Harding, John L.
Hargraft, George M.
Hargraft, W. M.
Hargreaves, Roy
Harper, Henry G.
Harper, R. J.
Harpham, Horace
Harrington, Dr. Paul
Harris, Edward L.
Harris, William B.
Harris, W. C.
Harrison, Kenneth J.
Harrison, Wm. H.
Harvey, H. J.
Harvey, J. B.
Harvey, Warren G.
Harvey, Dr. W. J.
Hastings, C. E.
Hastings, Warren B.
Hatton, Rev. Noble
Hatton, Wm. T.
Hawes, Fred J.
Hay, Frank
Hayden, Hon. Salter A., Q.C.
Hayes, Barry B.
Hayes, B. P.
Hayes, John D.
Hayman, J. L.
Hayward, A. P.
Hayward, Chester G.
Hawke, J. H.
Hawken, J. B.
Heal, R. F.
Heal, W. E.
Hearn, Dr. Richard
Hearst, H. V., Q.C.
Heath, L. B.
Helliwell, Paul
Hellyer, Paul T., M.P.
Helm, Clifford T.
Hendershot, F. D.
Henderson, D. C.
Henderson, J. C.
Henderson, John J.
Henderson, R. G.
Henderson, W. G.
Henry, Charles J., M.P.
Henry, E. F. L.
Henry, Edwin M.
Henson, R.C.C.
Henty, Sterndale
Herchmer, Lawrence S.
Hermant, Sydney
Heron, Matthew W.
Herrmeyer, C. F.
Hertzog, Horst
Herz, H.
Hewson, E. G.
Heywood, Dr. Peter M.
Hickey, Winston E.
Hicks, P. A.
Hicks-Lyne, Col. R. T. E.
Hickson, Donald E.
Higgins, Paul S.
Highmoor, C. K.
Hilborn, Robert H.
Hill, F. W.
Hill, John D.
Hill, J. V.

Hill, Richard M.
Hill, Roy C.
Hill, Wm. S.
Hillmer, R. W.
Hines, W. James
Hinton, D. R.
Hinton, Lloyd
Hiron, Allan F.
Hobson, A.
Hodgins, Albert
Hodgson, Alfred J.
Hodgson, Lorne
Hoffman, Charles C.
Hogg, Lt.-Col. N. D., M.B.E., E.D.
Hogton, A. E.
Holden, Dr. Otto
Holditch, Ross O.
Holford, Wm. D.
Holland, Douglas F.
Holland, Graham H.
Hollenbeck, R. A.
Holiday, G. W.
Holmes, Hartley R.
Holmes, M. W.
Holmes, Noel
Holt, M. O.
Hooker, Edwin R. K.
Hopkins, Howard
Hopkins, Percy E.
Hore, John E.
Horlock, Robert P.
Horner, David K.
Horsey, Grant
Hotrum, Frederick
Hough, Jack
Houghton, P. J.
Houghton, W. R.
Houston, Wm. F.
Howard, A. L.
Howard, Benson C.
Howard, G. S.
Howey, Major Charles B.
Howland, Wm. G. C.
Howse, Rev. E., S.T.M., PH.D., D.D.
Howse, Thomas H.
Huddart, Roy C.
Hudgins, V. J.
Huffman, George E.
Huffman, Karl
Huggett, Jack
Hughes, H. E.
Hughes, J. Edward
Hughes, John A.
Hughes, R. A.
Hugill, Albert E.
Hugill, W. M.
Hull, Robert J.
Hull, Rodney
Hultay, William
Hulton, William S., C.A.
Hummel, William M.
Humphrey, Charles S.
Humphries, W. R. B.
Humphris, John
Hungerford, J. G.
Hunnisett, E. A.
Hunt, A. T.
Hunt, Rt. Rev. Henry R.
Hunt, W. E. Harvey
Hunter, B. Pepall
Hunter, E. Norval
Hunter, H. B.
Hunter, Howard W.
Hunter, K. M., C.A.
Hunter, Rev. L. I.
Hunter, W. D.
Huntley, Frank
Husband, J. Ross
Huston, J. A.
Hutchinson, J. D. H.
Hutchinson, J. L.
Hutchison, W. L.
Hyland, Nelson A.
Hynes, G. E.
Ingham, W. T.
Inkster, L. A.
Innes, J. S.
Innes, Maugham Wm.
Inwood, Arthur E. M.
Irving, J. D.
Irving, Thomas G.
Irwin, John K.
Irwin, O. Ross
Irwin, Wallace
Jackman, Henry N. R.
Jackman, H. R., Q.C.
Jackson, E. S.
Jackson, Fred C.
Jackson, George H.
Jackson, George R.

Jackson, L. G.
Jacob, E. R.
Jacques, Rev. Canon E.
Jaffey, J. M.
Jaffray, P.
James, Colin L.
James, T. B.
Jamieson, H. T., F.C.A.
Jamieson, John D.
Jamieson, J. M.
Jardine, R. G.
Jarvis, Albert
Jarvis, T. E.
Jeanneret, Dr. F. C.
Jeffers, Wellington J.
Jeffery, W. H.
Jeffrey, P. G.
Jenkins, John S.
Jenner, K. D.
Jennett, Lorne B.
Jenney, H. B.
Jennings, M. R.
Jennings, I. L.
Jennison, George Leslie
Jephcott, Dr. C. M.
Jephcott, Gerald, F.C.A.
Jewell, Milton H.
Johnson, Rev. Albert
Johnson, Dr. Joseph
Johnson, Sidney
Johnston, Lt.-Col. Baptist, O.B.E., V.D.
Johnston, Erskine B.
Johnston, G. F.
Johnston, J. C.
Johnston, John I.
Johnston, John S.
Johnston, T. S.
Joliffe, E. B., Q.C.
Jolliffe, Lt.-Col. W. H.
Jolly, H. M.
Jones, Rev. A. W.
Jones, E. L.
Jones, Oakah L.
Jones, R. E.
Jones, R. Walden
Jones, Terence L.
Joyce, James H.
Joyce, Wallace R.
Judd, John Patrick
Jupp, Donald H., O.B.E.
Kasman, Philip
Katakami, Ichiro
Kay, George W. B.
Kay, W. R.
Kaye, Alex. B.
Kaye, J. N.
Keaveney, Derek G.
Keefer, Major T. C.
Keeler, L. A.
Keenan, J. S.
Keith, I. C.
Kelley, William A. G.
Kellow, Ralph S.
Kelly, J. N.
Kelly, M. J.
Kelly, W. D.
Kench, C. A.
Kenney, Telford Vanburgh
Kenny, M. K.
Kent, James Palmer, Q.C.
Kent, Kenneth
Kent, T. Douglas
Kernaghan, E. B.
Kernaghan, K. W.
Kerr, Rev. D. M.
Kerr, John E., Q.C.
Kerr, J. L.
Kerr, J. W.
Kerr, L. W.
Kerr, P. Gordon J.
Kerr, William
Kerr, W. R.
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Kert, Sheldon
Keyes, Gordon
Keys, Norman A., Q.C.
Kidd, David
Kinahan, John W.
Kindell, N. E.
Kindersley, C. M.
King, Edward O.
King, R. H.
King, T. A.
Kinghorn, A. A.
Kingsbury, E. D.
Kingsmill, J. A.
Kinnear, T. Clark, F.C.A.
Kirbyson, R. E.
Kirchbaum, Dr. J. M.
Kitchen, C. E.

Kitchen, Dr. Irving D.
Kitchen, Rev. Sterling J.
Klein, Dr. R. H.
Knight, J. E.
Kobrick, H. Robert
Koerber, Walter F., B.A., D.PAED.
Koerner, Michael M.
Koerner, W. R.
Koropp, John

LaBine, Gilbert
Lacey, Rev. E. C.
Lackie, H. C.
La Ferle, Charles
Laffey, James V.
Laidley, Kenneth R.
Laing, G. Blair
Laing, R. W.
Lambert, A. T.
Lampert, H.
Lamport, Allan A.
Land, Gordon W.
Lane, F. E.
Lane, K. E.
Lang, R. J.
Langer, Henry P.
Langley, Arthur James
Large, Peter K.
Larmer, R. K.
Larry, Leo J.
Lascelles, G. A.
Laski, Dr. Bernard, M.D., F.R.C.P.
Latimer, H. B.
Laughlen, G. A.
Laughlin, J. E.
Laughlin, K. D.
Laurin, C. J.
Lavine, Arthur
Lawer, John V.
Lawlor, J. P.
Lawrence, Allan F.
Lawrie, Donald L.
Lawson, Frank G.
Lawson, H. R.
Lawson, L. W.
Lawson, L. W.
Lawson, M. B. M.
Laxton, Edward
Lay, Harry M.
Leake, G. Ray
Leake, Ray
Leal, H. Allan, Q.C.
Leblanc, H. M.
LeCapelain, R. R.
Leck, R. H.
Leckey, R. G.
Leckey, Robert H.
Lee, Edward A.
Legge, B. J.
Legge, W. R.
Legrow, Rev. A. G.
Lehberg, F. H.
Leibel, Dr. Bernard
Leibel, William
Leitch, J. D.
LeMay, R. T. M., C.A.
Lemesurier, J. Ross
Lennie, E. D.
Levenston, Lt.-Col. G. F.
Lever, Harold
Levinter, B. V.
Levinter, Isadore, Q.C.
Levy, Mark A.
Levy, Mort. L., C.L.U.
Lewis, Dr. A. C.
Lewis, John M.
Lewis, Richard G.
Lewthwaite, R. G.
Lillie, R. J.
Lillyman, Reginald
Lindsay, B. B.
Lindsley, T.
Linklater, James Wm.
Linney, H. J.
Linstead, Rev. H. C.
Linton, Hall
Liptrot, R. E.
Liscombe, Wm. L.
Lister, M. Parker
Litteljohn, Glynn H.
Little, F. M.
Little, William
Livingston, J. A.
Livingston, Wm. R.
Lizotte, Charles J.
Lloyd, Trevor
Lofquist, J. C.
Loftus, R.
Loftus, S.
London, Norman H.

Long, A. J. M.
Long, Norman W.
Longmore, D. E.
Lovering, His Honor Judge Egerton
Lovett, J. H.
Lowry, Frederick J.
Lucas, F. O.
Lucas, Gordon T.
Luck, E. H.
Lumbers, G. C.
Lundberg, Hans
Lundy, R. J.
Lundy, Stanley
Lush, H. V.
Luxenberg, Benjamin, Q.C.
Lyndon, Patrick
Lyons, E. C.
Lyons, John W.
Lyons, Lt.-Col. S. E.

Mabley, C. B.
MacDiarmid, Kenneth H.
Macdiarmid, W. J. G.
MacDonald, Arthur A.
MacDonald, Donald C., M.P.P.
MacDonald, Donald J.
MacDonald, H. T.
MacDonald, I. K.
MacDonald, J. K.
MacDonald, Murdoch K.
Macdonell, Rex B. G.
MacDougall, W. Murray
MacEachern, Gordon A.
MacFadyen, W. T. A.
MacFarlane, Donald A.
MacFarlane, Dr. J. A.
MacFarlane, W. S.
MacGrath, John F.
MacKay, Justice F. G.
Macintosh, J.M., Q.C.
MacKelcan, Fred R.
MacKenzie, B. R. P.
MacKenzie, D. Rae
MacKerrow, Robert
MacKersy, L. S.
Mackie, Ernest B.
Mackie, R. A.
MacKinnon, Angus P.
MacKinnon, Dr. A. R.
MacKinnon, Peter B. L.
MacLaren, Ian
Maclean, Hugh J.
MacMillan, Dr. R. J.
Macnaughton, Alex., Q.C.
Macphee, Norman
MacPherson, Donald S.
MacWhinney, Wm. R.
Maedel, Clare W.
Magi, M. I.
Magwood, W. Marsh, Q.C.
Mainguy, Vice-Admiral E. R., O.B.E., C.D.
Maize, Wm. P.
Male, W. Harold
Mancantelli, Robert J.
Mann, Major-Gen. C. Churchill
Mann, Wm. H.
Manning, G. L.
Manning, J. R.
Mansfield, S. J.
Manton, Frank
Marchant, C. R.
Marchment, W. R.
Marcus, J. K.
Mark, Bernard B.
Mark, Howard S.
Markton, K. L.
Marley, Major E. H. M.B.E., T.D.
Marsden, G. R. C.
Marsh, Rev. Canon H. H.
Marshall, Ernest A.
Marshall, G. Murray
Marshall, Hilary
Marshall, Col. K. R.
Marston, A. H.
Martens, I. J.
Martin, A. S.
Martin, C. C.
Martin J. C.
Martin, J. M.
Martin, Walter M., Q.C.
Martyn, H. L.
Mason, G. A.
Mason, J. A.
Mason, V. K.
Mason, Wm. R.
Massie, Major J. H. C.
Massie, R. H. L.
Mathers, Wm. T.

Matheson, Rev. A. Dawson, D.D.
Matthews, A. Bruce
Matthews, Brig. F. Beverley, C.B.E., Q.C.
Matthews, Frederick J.
Matthews, James G.
Mathews, Norman L., Q.C.
Matthews, Wilfrid E.
Maybee, W. E.
Maynard, J. C.
Mayo, George F. M.
Mayson, I. A.
Mayzel, Harry
Mayzel, Louis
Mazzoleni, Dr. E.
McAfee, Raymond E., C.A.
McAvoy, Louis Peter
McBain, Alex Mc.D.
McBride, Ernest W.
McCabe, V. J.
McCaffrey, E. R.
McCamus, W. H.
McCann, Fred V.
McCarthy, D'Alton
McCarthy, John
McCarthy, Stuart
McCartney, W. S.
McCaul, L. F.
McCausland, Gordon A.
McCausland, J. K.
McClatchie, John, C.A.
McClellan, L. A.
McClure, G. Chester
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McConnell, J. E. Jr.
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McCraw, D. F.
McCready, Emmerson J.
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McCullough, John C.
McCully, Joseph E.
McCutcheon, M. W.
McCutcheon, W. L.
McDermid, Peter A.
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McEachern, John M.
McEinen, A. V. M., C.M.
McEwen, Gordon C.
McGeachy, J. B.
McGill, Cecil D. O.
McGillawee, Ross
McGillion, F. B.
McGillivray, Justice George A.
McGillivray, T. A.
McGinnis, Lt.-Col. J. A.
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McKay, W.
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McKee, Dr. James A.
McKee, John A.
McKee, John W.
McKee, William
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McKinnon, N. J.
McKnight, J. G.
McLachlan, W. R.
McLaren, A. W.
McLacalan, W. Ian
McLaren, D. H.
McLaughlin, Paul
McLean, Hamilton A.
McLean, J. R.
McLeod, Dr. Alex. N.
McLeod, W. N.
McMahon, Hugh W.
McMechan, J.
McMehen, C. G.
McMillan, Edwin
McMillan, G. A.
McMillan, Rev. Kenneth G.
McMillan, N. L.
McMillen, John B.
McMurrich, R. G.
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McNair, R. A.
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McNeil, W. G.
McNicol, J. A.

McParland, Donald J.
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McRae, Ian F.
McTague, Hon. C. P., Q.C., LL.D.
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Medhurst, C. E. H.
Medland, J. A.
Medland, John W.
Medland, Michael R.
Medland, T. J.
Meech, R. G., Q.C.
Megginson, Clifford
Menzel, D. G. C.
Menzies, Harold
Meredith, J. W.
Merson, Bert
Mess, Brigadier James
Messer, Harry W.
Mewhort, D. S.
Michel, Werner K.
Michell, C. A.
Middleton, John G., Q.C.
Middleton, R. J.
Middleton, V. A.
Might, P. G.
Miles, Ernest
Millar, R. V.
Miller, Andrew
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Mills, P. H., Q.C.
Milton, D. R.
Minden, Harold
Milne, Howard
Minkler, Dr. F. W.
Mirabelli, W/CDR. J. C.
Mist, Charles F.
Mitchell, A. N.
Mitchell, A. R.
Mitchell, E. R.
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Mitchell, N. Albert
Mitchell, R. W.
Mitchell, William G.
Moffat, D. R.
Moffat, Norman D.
Moles, E. M.
Monier, Jean B.
Monkman, Harry H.
Monks, R. C.
Monson, Rabbi David
Montague, Lt.-Col. W. H., O.B.E.
Montgomery, Dr. Robert C.
Moon, A. M.
Moon, C. L., P.ENG.
Mooney, K. D.
Moore, Allan A.
Moore, E. M.
Moore, Eric R.
Morden, W. D. S.
Mordy, B. P., C.A.
Morgan, J.
Morgan, Major J. R. H.
Morgan, Marcel T.
Morley, Frank
Morris, J. B.
Morris, W. J., M.A.
Morrison, D. Douglas
Morrison, D. M.
Morrison, Russell W.
Morrison, Wm. H.
Morrow, John A.
Morrow, Thomas A.
Mortimer, J. A.
Mortimer, J. C.
Morton, M. D.
Morton, Brig., R. E. A., D.S.O., C.D., LL.D.
Moser, Wm. S.
Mosey, H. H.
Mothersill, W. R.
Mudie, Hubert C. P.
Mugford, Sidney H.
Muir, Lt.-Col. Chas. A.
Muir, L. R.
Muirhead, James

Muirhead, W. T.
Munn, Charles H.
Munroe, Marshall E., Jr.
Murden, K. G.
Murphy, A. P.
Murphy, P. H.
Murphy, Thomas H.
Murray, Major Gladstone
Murray, Parkyn Ian
Murta, James R.
Musson, Chas. J.
Mutch, C. M.
Myers, Rev. A. J. W., B.D., PH.D.
Myers, B. H.
Myers, Edwin J.
Mylrea, A. J.

Napier, Ernest J.
Nash, Gerald
Nash, Norman R.
Nastich, Milan
Naylor, L. F.
Neabel, Charles C.
Neale, John H., D.C.
Neary, Bernard F.
Neelands, Donald G.
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Nelems, Harry E.
Nesbitt, Russell, Q.C.
Nesbitt, Wm. A.
Newbold, J. S., C.A.
Newman, Harry A.
Newman, J. B.
Newman, Jose L.
Newman, T. C.
Newport, W. R.
Nicholls, H. C.
Nicholls, S. G.
Nicholson. K. E.
Nicholls, D. J.
Nickle, Hon. W. M., Q.C., M.C., M.B.E., M.P.P.
Nicks, F. W.
Nicol, Frank J. K.
Nightingale, George F.
Ninnis, W. C.
Norrington, H. W.
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Northway, John H.
Notzl, Paul
Nowack, Wm. B.

Oakey, F. D.
Oborne, J. Ross
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O'Connor, W. M.
O'Donnell, Rev. B. A.
O'Donohue, M.
Ogilvie, Dave
O'Hea, B. M. P.
Oliver, P. W.
Olver, A. S.
Omand, J. N.
O'Neill, H. T.
Orenstein, Samuel L.
Orliffe, Herbert
Ormonde, George E. B.
Ormston, Melville
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Osbourn, A. J.
Osler, B. B.
O'Sullivan, J. P.
Osler, G. S.
Oulster, W. J.
Ovens, Col. F. N.
Ovens, G., D.F.C., C.P.A.

Paddle, Leslie Harold
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Page, William A.
Pallett, John C.
Palm, William H.
Parish, Dr. James A.
Parker, Hugh B.
Parker, John F.
Parkinson, R. M.
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Paterson, A. S.
Paterson, James G.
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Paton, S. T.
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Pattison, W. S.
Patton, Jno. A.
Pattulo, Murray

Pattison, E. W.
Paul, George
Paulson, M. T.
Paumann, M. K.
Payne, R. B.
Peachey, Edmund
Peacock, H. Charles
Pearce, N. C.
Pearce, Richard C.
Pearsall, C. F.
Pearson, E. G.
Peckover, George H.
Pedlar, Nelson
Peever, K. Davis
Pemberton, Frank E.
Penaligon, J. H. C.
Pepper, P. B. C.
Percy, J. L.
Perkes, Edward
Perkin, I. B.
Perkins, K. J.
Perrin, H. D.
Perry, Gordon F.
Perry, J. Harvey
Peter, Frank
Petersen, N. F.
Petrie, Albert R.
Petrie, John S.
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Phair, Dr. J. T.
Phelan, R. G.
Philip, D. F.
Philip, William
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Phillips, Gordon T.
Phillips, J. C.
Phillips, James F.
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Phimister, Z. S.
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Phipps, G. W.
Pickup, J. D.
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Pilling, Herbert
Pink, J. W.
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Plant, John W.
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Playfair, S. B.
Pollock, Harry J.
Pollock, J. D. M.
Poole, W. J.
Porter, Hon. Dana H.
Porter, Donald S.
Porter, J. D., B.COM., C.A.
Porter, W. G.
Potter, Raymond E. S.
Poulson, Andrew
Pounsett, F. H. R.
Powley, B.
Poyntz, A. R.
Pratt, Prof. E. J.
Pratt, J. P., Q.C.
Pratt, Roger B.
Pratt, W. J.
Prentice, Magistrate John L., Q.C.
Prentice, Victor F.
Prentice, W. M.
Prentis, E. D.
Prest, Stanley V.
Price, Peter M., P.ENG.
Price, Vincent, Q.C.
Price, Lieut.-Col. W. H.
Priddle, Roger
Prince, H. R.
Prior, Donald R.
Prior, Rev. Wm.
Pritchard, H. S.
Proctor, John S.
Proverbs, C. I.
Prowse, Russell A.
Puddy, E. A.
Pullan, Harry
Punter, W. J.
Purcell, Gillis
Purdy, Dr. Vernon W.

Rabnett, Basil
Radcliffe, N. D.
Rae, Robert
Raitblat, David
Raleigh, Robert C.
Ralph, George W.

Ralph, R. Ford
Ramey, P. Alex.
Ramsay, Victor R.
Randall, H.
Rankin, Donald G.
Rankin, Lt.-Col. G. A., D.S.O., E.D.
Ransom, A. C.
Rapmund, J. L.
Rawson, George H.
Ray, Louis W.
Rea, Charles E.
Reason, J. F.
Rechnitzer, E. V.
Rector, Luther G.
Reddrop, F. O.
Redford, Wm. J.
Redrupp, R. J.
Reeb, H. E.
Rees, S. L.
Rees-Evans, M. J. D.
Reeves, E. H.
Regan, Major N. H., M.B.E., C.D.
Reid, Dr. H. W.
Reid, J. C.
Reid, J. H.
Reid, Morgan
Reid, M. W.
Reid, Peter
Reid, R. F.
Rendall, S. D.
Rhind, J. A.
Ribchester, Joseph P.
Rice, M. A .
Richards, Roland W.
Richardson, B. T.
Richardson, H. Banning
Richmond, Frank
Rickard, W. Paul
Rickey, C. L.
Rickey, H. R.
Riddell, Dr. Walter A.
Riley, Very Rev. Dean
Riley, Herbert
Ripley, T. S.
Ritch, J. G.
Ritchie, Gen. Sir Neil
Ritchie, Robert T.
Roberts, Hon. A. Kelso, Q.C., M.P.P.
Roberts, Harold E.
Roberts, L. V.
Robertson, C. S.
Robertson, Douglas M.
Robertson, Douglas S.
Robertson, E. A.
Robertson, John F.
Robertson, R. A.
Robinette, T. L.
Robinson, J. B.
Robinson, John Henry
Robinson, T. A.
Robinson, W. G. W.
Robinson, W. W.
Robson, J. A.
Roche, David J.
Rodomar, O. W., O.B.E.
Roebuck, Hon. Arthur, Q.C.
Roelofson, E. C.
Rogers, A. W., M.C., Q.C., D.C.L.
Rogers, George F.
Rogers, H. A.
Rollason, W. E.
Rolph, F. Grenville
Romani, H. S.
Ronan, Rt. Rev. J. E., D.P.
Rooney, Anthony C.
Roost, G. H.
Rosborough, T. H.
Rose, Edmund S.
Rose, J. W. Jr.
Ross, D. A.
Ross, Ian
Ross, J. Allan
Ross, John B.
Ross, John T.
Ross, M. C. C.
Ross Dr. Murray G.
Rotenberg, Harry I.
Rounthwaite, C. F. T.
Rous, W. A.
Rowe, D. A.
Rowland, G. A.
Rowland, J. G.
Rowntree, H. Leslie
Roxborough, E. L.
Roxborough, E. M.
Royse, C. F.
Ruse, Edward
Russell, Norman E.
Russell, S. H.

Rutherford, Robt. C.
Rutherford, Brig. W. S.
Rutledge, John J.
Ruttan, Col. C. M.
Rydgren, Odd

Sablin, Wm. R.
Sadowski, B.
Sager, Elmer
Sakamoto, Hideo
Sale, R. M.
Salmon, C. R. B.
Salmond, E. G.
Samson, Gerald
Samson, G. J.
Samuel, Sigmund, LL.D.
Sanda, Masaaki
Sanders, C. J.
Sanderson, Horrell
Sarjeant, Dr. P. A.
Saunders, Edward
Saunders, Earl T.
Saunders, Leslie H.
Savage, A. D.
Savage, Mark J.
Savage, Thomas L.
Sayle, Wm.
Schalk, D. J.
Scherer, Joseph
Schlesinger, Emil E.
Schmidt, R. A.
Scott, Ernest W.
Scott, W. M.
Scott, W. P.
Sculthorpe, A. G.
Scythes, E. C.
Seabrook, V. M.
Seagram, J. W.
Sears, Paul
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Seccombe, W. Wallace
Secord, J. P.
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Seitz, E. Burke
Selby, F. Reg.
Self, R. Harvey
Seltzer John
Service, R. R.
Sevenoaks, E. R., M.B.E., M.C.
Sewell, Ralph E.
Sewell, Wm. S.

Shakespeare, W. C., C.A.
Sharpe, Len. B.
Sharp, Roy C., Q.C.
Sharpe, S. G.
Shave, J. W. G.
Shaver, Edward B. H.
Shaw, Fred M.
Shaw, W. T.
Shay, P. G.
Sheard, G. M.
Sheath, Kenneth W.
Shelson, Norman
Shenstone, Dr. Norman
Sheppard, G. H.
Sheppard, Norris E.
Sheppard, W. A. E.
Sheridan, J. A.
Shier, Dr. R. V. B.
Shillabeer, Leslie R.
Shiner, Irwin
Shipp, E. J.
Shipp, Gordon S.
Short, Rev. John
Shurtleff, H. S.
Siegal, Harold H.
Sifton, Major Clifford
Sifton, Michael C.
Sigsworth, Oscar T.
Silcox, Rev. Dr. C. E.
Simpson, J. R.
Simpson, Morris I.
Simpson, M. O.
Sinclair, D. A.
Sinclair, Dr. Gordon A.
Sinclair, G. Russell
Skelly, James T.
Skey, W/C L. W.
Skinner, F. James
Skliros, J. P.
Sleeth, R. W.
Small, R. Hardy
Smiley, Ross V.
Smith, A. H.
Smith, A. J.
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Smith, Harold
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Smith, Harry F.
Smith, Harry R.

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Smith Richard Routledge
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Smith, W. C.
Smyth, A. Rolph
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Snider, P. R.
Soame, G. R.
Somerville, Thomas A.
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Sorley, S. H.
Southam, W. W.
Sparks, A. Douglas
Sparks, A. W.
Sparks, E. G.
Sparrow, Eugene E.
Speer, Arthur A.
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Spence, E. J.
Spence, Dr. Magnus
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Spottiswoode, D. M.
Spragge, Brig. J. G.
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Springer, G. M.
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Standbury, Dr. W. S., M.B.E.

Stanners, J. E.
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Starkweather, Harvey C.
Steadman, George A.
Steedman, R. T.
Steen, B. B.
Steggles, W. A.
Steinbach, Cornelis H.
Stephan, F. Rodney
Sterling, Stanley C.
Stern, Milton L.
Stevens, Col. Garfield, C. D.
Stevens, H. R.
Stevens, James A.
Stevens, Thomas H.
Stevens, W. R.
Stevenson, James M.
Stewart, Alan E.
Stewart, Charles B.
Stewart, D. E.
Stewart, J. C.
Stewart, Peter
Stewart, Robert S.
Stewart, Wm. J., C.B.E.
Stigant, R. F.
Stirling, Rev. Paul
Stockbridge, J. M.
Stodart, D. H.
Stoddart, T. W. H.
Stoddart, W. H.
Stogdill, Dr. C. G.
Stollery, Arthur W.
Stone, Frank Reid
Strathy, J. G. K.
Strathy, Robert A. C.
Strong, Frederick B.
Strong, Gerald
Stuart, A. K.
Sturino, O.
Styles, Humphrey
Sussman, Irving P.
Suters, E. S.
Sutherland, Hugh H.
Swain, Clarke C.
Swanson, Rev. Cecil, D.D.
Sweeny, Wm. R.
Sweetman, N. Allen
Swinden, James N.

Takahashi, K.
Tate, Frederick L., O.B.E.
Tayler, F. E.
Taylor, Anson S.
Taylor, D. R.
Taylor, E. G.
Taylor, E. H.
Taylor, E. P.
Taylor, J. B.
Taylor, Oswald M.
Taylor, Reginald W.
Taylor William E.
Taylor, W. J.
Tedman, Philip H.
Teitel, Irvin
Therrien, James A.
Terris, G. E.
Thomas, D. P.

Thomas, F. E.
Thomas, R. H.
Thomas, T. N.
Thompson, A. E.
Thompson, A. M.
Thompson, A. O.
Thompson, C. H.
Thompson, Gordon V.
Thompson, John M.
Thompson, J. W., Q.C.
Thompson, Murray O.
Thompson, S. M.
Thompson, W. M.
Thomson, Harold W.
Thomson, Malcolm F.
Thomson, Richard S.
Tilley, J. S.
Tinling, B. T.
Tissington, Derek
Tobias, Fulton G.
Todd, Douglas C.
Todd, J. R. C.
Tomlinson, J. D.
Topp, G. E.
Torrance, F. W.
Tory, J. S. D., Q.C.
Tosevic, Dimitri J.
Touchie, Gordon J.
Townley, N. A.
Trebell, Frank
Trelford, Dr. William G.
Trenholme, H. E.
Trethewey, S. D. C.
Trevett, Wm. E.
Trotter, George F.
Troyer, James T.
Tubby, W. George
Tudhope, H. R.
Tully, Alan C.
Tupper, Charles
Turnbull, Douglas W.
Turner, E. H.
Turner, James, C.A.
Turner, Mark C.
Turner, Newton H.
Turner, R.
Turville, Frank D., Q.C.
Tyrrell, G. C.

Underell, J. W. J.
Upshall, Walter G.
Urquhart, Norman C.
Usher, Frank

Vale, Dennis B.
Vandewater, H. J.
Van Nostrand, Dr. F. H.
Vance, Wilfred T.
Vanstone, F. S.
Varty, George W.
Vass, J. D.
Vaughan, F. L.
Vaughan, J. J.
Vernon, Harcourt
Vetter, E. L.
Vickery, C. A.
Vine, Arthur
Vingoe, John F.
Vingoe, J. W.
Virtue, Roy A.

Wahn, Ian G.
Wainwright, L. A.
Wakelin, Jas. W.
Wakelin, D. G.
Waldie, R. S.
Waldruff, E. H.
Walker, A. S.
Walker, C. W.
Walker, D. R.
Walker, H. C.
Walker, J. B.
Walker, L. J.
Walker,, Richard L.
Walkey, R. M.
Wallace, Brig. F. C.
Walley, Wm. H.
Walmsley, Dr. Lewis C.

Walsh, Norman
Walters, Fred Y.
Walton, Charles A.
Walton-Ball, Dr. H. G.
Walwyn, John Pearce
Ward, Arthur C.
Ward, C. E.
Ward, D. H.
Ward, Major Francis N.
Ward, G. H., C.A.
Ward, H. H. L.
Wardle, T. A.
Wardrope, Hon. George, M.P.P.

Warmoll, C. R.
Warner, Murray J.
Warnes, Charles
Warren, Donald C.
Warren, Harold D.
Warren, J. R.
Warriner, E. B.
Waters, Col. Mackenzie
Watkins, John C.
Watson, A. G.
Watson, C. E.
Watson, W. G.
Watt, Gordon C.
Watt, Rev. J. Robert
Watts, M. E.
Weale, W. H.
Wears, George M.
Weakley, J. J.
Webster, R. M.
Wedd, S. M.
Wedlake, J. K.
Weeks, A. L.
Wees, W. R.
Weinberg, Bernard
Weir, John G.
Welch, Frank E.
Weldon, J. O., Q.C.
Wells, Hon. Justice D. C.
Wellwood, L. S.
Welsh, A. M.
West, C. K. F.
West, R. Bruce
West, Reg. C.
Westaway, Charles E.
Whillans, H. O.
White, Dr. A. C.
White, Ernest N.
White, John R.
White, J. E.
White, Norman A.
White, R. B.
Whiteacre, J. Wm.
Whitehead, Harry E.
Whitehouse, F. P.
Whitelaw, A.B.
Whiteley, J.
Whitfield, A. Edgar
Whiting, Lester
Whitley, H. E.
Whitton, F. A.
Wicklum, L. Earle
Wiertz, L. M.
Wilby, J. R. W.
Wilcox, T. Murray
Wilkes, A. E.
Wilkes, Lt.-Col. F. Hilton
Wilkins, Cyril H.
Wilkins, Dr. C. J.
Wilkinson, E. A.
Wilkinson, E. H.
Wilkinson, Rt. Rev. F. H. M.A., B.D.
Willey, G. E.
Williams, Aubrey E.
Williams, B. J.
Williams, Dr. J. J.
Williams, J. K.
Williams, L. K.
Williams, S. A.
Williams, W. E.
Williams, Lt.-Col. W. Eric
Williams, W. F.
Williams, Wm. J.
Williamson, J. L.
Willinsky, Dr. A. I.
Willis, Eric B. H.
Willis, W. C.
Willoughby, J. A.
Willoughby, V. W.
Willson, K. R.
Wilson, Major C. H.
Wilson, Harry H.
Wilson, John A.
Wilson, John D.
Wilson, L. A.
Wilson, Neville L. K.
Wilson, W. H. T.
Winter, L. W.
Wise, Fred
Wiseman, Col. C.
Wismer, W. M.
Wittstock, F. W.
Wittstock, Roy C.
Wood, B. M.
Wood, G. H.
Wood, R. J.
Wood, Robert J.
Woodrooffe, G. T. N.
Woods, George
Woods, W. H.
Woodside, J. D.
Worden, E. H. G.

Worrall, James
Worth, Reginald H.
Wotherspoon, Brig. G. D. De S.
Wright, G. A.
Wright, Harlow H.
Wright, Rev. J. E. P.
Wright, J. R.
Wright, Peter
Wright, Tom W.
Wrightson, Sidney
Wrong, Dr. Norman
Wyatt, H. L.
Wyman, W. S.

Yarmey, Wm. J., M.D., C.M.
Yerger, John H.
Yocom, J. H.
Youell, Leonard L.
Young, George W.
Young, John A.
Young, Reginald L.
Young, R. L., Q.C.